

IN THE CIRCUIT COURT FOR THE SEVENTH JUDICIAL CIRCUIT  
SANGAMON COUNTY ILLINOIS

JOHN TILLMAN and WARLANDER  
ASSET MANAGEMENT, LP,

Plaintiffs,

Case No.:19-CH-235

v.

J.B. PRITZKER, Governor of the State of  
Illinois, in his official capacity; MICHAEL  
W. FRERICH, Treasurer of the State of  
Illinois, in his official capacity; and  
SUSANA A. MENDOZA, Comptroller of  
the State of Illinois, in her official capacity,

Defendants.

MOTION OF AMICI FOR LEAVE TO FILE AN AMICUS BRIEF IN SUPPORT OF  
DEFENDANTS

Nuveen Asset Management, LLC, as investment adviser on behalf of certain funds/accounts (“Nuveen”) and AllianceBernstein, L.P., as investment manager on behalf of certain funds/accounts (“AllianceBernstein” and, collectively with Nuveen, “Amici”) respectfully move this Court for leave to file the attached amicus brief in support of the Defendants’ objection to the Petition of John Tillman (“Tillman”) and Warlander Asset Management, LP (“Warlander” and, together with Tillman, the “Petitioners”) for Leave to File a Taxpayer Action to Restrain and Enjoin the Disbursement of Public Funds (the “Petition”). In support of this motion, Amici submit the attached proposed amicus brief, and state the following:

1. Amici are institutions that have long invested in Illinois municipal bonds on behalf of their clients (primarily individual investors) and, today, beneficially hold approximately \$2 billion principal amount of General Obligation Bonds (“**G.O. Bonds**”).

2. The Court has before it Plaintiffs’ petition to bring a taxpayer action enjoining Illinois from paying principal and interest on the 2003 and 2017 G.O. Bonds that Plaintiffs allege were issued in violation of the Illinois Constitution.

3. Such an injunction threatens the Amici and their clients with substantial economic harm, as Amici hold over \$600 million principal amount of the challenged 2003 and 2017 G.O. Bonds. Not only does it jeopardize the State’s ability to pay principal and interest on the Amicis’ bonds, but the filing of the Petition has already impaired the trading prices of those bonds.

4. The principal issue before the Court is whether the Plaintiffs have filed their Petition for “a malicious or ulterior purpose.” *Strat-O-Seal Mfg. Co. v. Scott*, 27 Ill. 2d 563, 565-66, 190 N.E.2d 312, (1963). Plaintiff Warlander’s admission that it has an undisclosed “separate financial interest in the litigation”, Complaint at p. 7 n. 6, and its failure to disclose that interest, is critical to the Court’s determination of that issue.

5. Amici as market participants bring “a unique perspective, or information, that can assist the court” in determining the importance of Warlander’s failure to disclose to the resolution of the issue, *Kinkel v. Cingular Wireless, L.L.C.*, 216 Ill.2d 690, 839 N.E.2d 1025, 2006 Ill. LEXIS 1, at \*4 (Ill. 2005).

6. The attached amicus brief contains “ideas, arguments or insights helpful to resolution of the case that were not addressed by the litigants themselves”, *Id* at \*2, including argument based on Illinois statutes, and readings of the Illinois constitution and the Constitutional Convention, that were “not addressed by the litigants themselves.”

7. For the reasons above and as set forth in the attached proposed amicus brief, Amici believe that its amicus brief will assist this Court in deciding this case.

WHEREFORE, Amici respectfully move this Court for leave to file the attached amicus brief in support of the Defendants.

DATED: August 9, 2019

Respectfully submitted,

**SORLING NORTHROP**

s/ David A. Rolf

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### **PROOF OF SERVICE**

The undersigned hereby certifies that on August 9, 2019 the foregoing Motion of Amici for Leave to File an Amicus Brief in Support of Defendants was e-filed with the Sangamon County Circuit Clerk and a copy was served via email to the email addresses as shown below:

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JOHN TILLMAN and WARLANDER ASSET  
MANAGEMENT, LP,

V.

Defendants.

Case No. 2019-CH-235

## 2019-CH-235

## **I. INTRODUCTION: AMICI'S INTEREST IN THE CASE.**

1. The Court has before it a petition for leave to file a complaint (the “**Complaint**”) seeking, among other things, to enjoin the State of Illinois from making all payments on approximately \$16 billion of its General Obligation Bonds (“**G.O. Bonds**”). The Amici are institutions that have long invested in Illinois municipal bonds on behalf of their clients (primarily individual investors) and, today, beneficially hold approximately \$2 billion principal amount of G.O. Bonds – including over \$600 million principal amount of the 2003 and 2017 G.O. Bonds that Petitioners allege were issued in violation of the Illinois Constitution, and nearly \$1.4 billion principal amount of unchallenged G.O. Bonds. These holdings dwarf the \$25 million in G.O. Bonds that Warlander claims to hold. *See Complaint*, at 6 n.7.

2. Obviously, an injunction barring Illinois from paying principal and interest on the G.O. Bonds threatens the Amici and their clients with substantial economic harm. Not only does it jeopardize the State’s ability to pay principal and interest on the Amici’s bonds, but the filing of this action has already impaired the trading prices of those bonds.

3. In general, bonds like the G.O. Bonds are valued based on the relationship of their yield to the yield on the Municipal Market Data (MMD) AAA Curve (the “**MMD Yield Curve**”).<sup>1</sup> This relationship is known as the “spread.” If the risk of non-payment is low, the bond will trade at a small spread to the MMD Yield Curve. If the risk of non-payment is high, the bond will trade at a high spread to MMD Yield Curve.

4. Historically, Illinois G.O. Bonds of similar maturities have traded at similar spreads to MMD Yield Curve. After the Petitioners filed this action challenging the validity of

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<sup>1</sup> The MMD Yield Curve is the benchmark yield curve used by municipal market participants as a reference point that represents the yields of the most creditworthy, AAA rated State general obligation bonds. Market participants use this reference point in order to determine the spread of any given bond’s yield relative to the MMD Yield Curve.

the 2003 and 2017 G.O. Bonds, the spread on those bonds rose by about 36% – from approximately 134 basis points to 182 basis points – and their trading price dropped by approximately 4 points, when considering price movement of the broader municipal market during the same time period. This movement represents a loss of \$574 million in value to the holders of all of the challenged 2003 and 2017 G.O. Bonds. In addition to damaging the value of Amici’s holdings, the Petition, by increasing the spread, made it more expensive for the State of Illinois to issue new G.O. Bonds, harming every citizen of the state. It has also made it more difficult for the State to issue new G.O. Bonds. The State planned to repay long-overdue trade payables by issuing additional G.O. Bonds in May or June of 2019. *See Elizabeth Campbell, Illinois Plans to Borrow \$1.2B to Pay Old Bills Before Year-end*, Bloomberg First Word, July 9, 2019. After Warlander and Tillman filed their Petition challenging such bonds, the State announced the postponement of the issuance until the fall. Trade creditors are still waiting for payment.

### **SUMMARY OF ARGUMENT**

5. The principal issue before the Court is whether the Petitioners have filed their Petition for “a malicious or ulterior purpose”, *Strat-O-Seal Mfg. Co. v. Scott*, 27 Ill.2d 563, 565-66, 190 N.E.2d 312, (1963).

6. Warlander is not an Illinois taxpayer – its Complaint asserts a disclosed interest in the litigation that has no economic basis and admits a “separate financial interest in the litigation” that is not disclosed at all. Complaint at p. 7, n.6. On information and belief, that “separate financial interest” is credit default swaps Warlander purchased that will pay off if this action causes Illinois to default on any of its G.O. Bonds.

7. A simple question from the bench will resolve the question raised by Warlander’s own Complaint. In any event, the Petition should not be granted until the answer is provided so

that the Court can determine whether the Petition is filed not to vindicate the interests of Illinois taxpayers but to allow an out-of-state hedge fund to create a default and profit from its swaps.

8. If this is in fact the case, the Petition violates the public policy of the State of Illinois as expressed in statutes prohibiting barratry and maintenance. Accordingly, the Court should require Warlander to disclose the nature, terms and extent of its “separate financial interest” in the litigation.

9. In addition, for reasons in addition to those set forth in the State of Illinois’ Objection to the Petition, Petitioners’ claims are based upon a patently flawed interpretation of the Illinois Constitution. Not only do they misread the plain language of Article IX of the Constitution, but also they disregard its drafting history to seek a result that is plainly at odds with the intent of the delegates who formulated this provision.

**II. THE COURT MUST DETERMINE WARLANDER’S TRUE FINANCIAL INTEREST IN THE LITIGATION IN ORDER TO DETERMINE WHETHER THE PETITION HAS BEEN FILED FOR A MALICIOUS OR ULTERIOR PURPOSE.**

10. Tillman’s Petition seeks permission to proceed with his lawsuit, alleging that he is a taxpayer of the State of Illinois. However, Tillman is not the only party to the Petition. Warlander joined the Petition and the Complaint. The Petition and the Complaint fail to allege that Warlander is a taxpayer of the State of Illinois.

11. Instead, the Petitioners assert that Warlander has standing based on its beneficial ownership of \$25 million in G.O. Bonds. The Complaint alleges that the State’s payment of debt service on the challenged 2003 and 2017 G.O. Bonds impairs its ability to service Warlander’s bonds and thus reduces the present market value of those bonds.

12. However, the Petitioners do not allege what the value of Warlander’s bonds is or how much value has allegedly been impaired. The reason for this is straightforward. Warlander’s bonds are already trading above 100 cents on the dollar. Attached as **Exhibit A** is a

summary statistic table summarizing the current and historical trading prices of bonds within the G.O. bond series held by Warlander. *See* Complaint, ¶ 17. Exhibit A shows that Warlander's G.O. Bonds have a value today of at least 107 cents to 119 cents. This lawsuit cannot make them worth materially more.

13. Why then is Warlander seeking to prosecute this lawsuit? Buried in a footnote on page 6 of the Complaint, Warlander discloses that it “also has a separate financial interest in this litigation,” without stating what the nature or extent of that interest is. On information and belief, Warlander's “separate financial interest” is ownership of credit default swaps purchased from money-center financial institutions well in excess of its nominal \$25 million bond position.

14. A credit default swap is a contract similar to an insurance policy on a bond. If the bond defaults, the buyer can collect from the institution that sold the swap. The swap-buyer does not have to own any bonds when it buys its swaps; it can buy the bonds later – even after a default craters the price of the bonds – and tender the bonds to the swap-seller for 100% payment on its swap contract.

15. Permitting activist investors to litigate against the validity of widely held municipal bonds based on their credit default swap bets could introduce a significant destabilizing force into the municipal markets and harm investors and government entities alike.

16. Petitioners' Complaint seeks to enjoin payment of principal and interest on \$16 billion of G.O. Bonds. The mere pendency of this lawsuit could lead to a failure to pay debt service on the bonds.

[T]he statute governing these proceedings provides that when suit to restrain the disbursement of public moneys is brought by a citizen taxpayer, it must be commenced by petition for leave to file. The purpose of this requirement was to establish a procedure which would serve as a check upon the indiscriminate filing of such suits. [Citation omitted] Prior to its enactment a taxpayer could file suit as a matter of right, **and when such a suit was brought for an ulterior or malicious**

**purpose it could seriously embarrass the proper administration of public affairs.**

As we pointed out in *Hill v. County of La Salle*, 326 Ill. 508, 515, “When the right of a public officer charged with the duty and responsibility of the proper application of public funds to disburse such funds is challenged by a lawsuit, it is obvious that for his own protection he will refuse to pay out the money in his custody until the suit is finally adjudicated.”

*Strat-O-Seal Mfg. Co. v. Scott*, 27 Ill. 2d 563, 565-66, 190 N.E.2d 312 (1963) (emphasis added).

17. If public officers “for their own protection” refuse to pay principal and interest on the challenged bonds until Petitioners’ lawsuit is finally adjudicated, the result will be catastrophic – the bonds will default, Illinois will immediately lose its credit rating and the trading price of the challenged bonds will drop sharply. If Warlander holds swaps, it can then buy G.O. Bonds at bargain basement prices and tender them to the swap-seller at 100 cents – realizing an enormous profit from the catastrophic default it has manufactured.

18. Annexed as **Exhibit B** is a report by the International Swap Dealers Association, publicly available at Swapsinfo.org. As of the date of that report, credit default swaps on Illinois G.O. Bonds exceeded \$300 million.

19. On information and belief, Warlander has bought credit default swaps well in excess of its nominal \$25 million in G.O. Bonds. If swaps are Warlander’s undisclosed “separate financial interest in the litigation,” then Warlander stands to reap an extraordinary profit from the mere pendency of this litigation.

20. “The public policy of Illinois against fomenting and maintaining litigation is declared by the statutes and decisions of the courts of Illinois.” 7 Illinois Law & Practice Summary Champerty § 4 (Westlaw 2019), citing *Atchison, T. & S. Ry. Co v. Andrews*, 338 Ill. 552, 88 N.E.2d 364 (1st Dist. 1949). Illinois law provides in relevant part as follows:

Illinois Statutes Chapter 720. Criminal Offenses. 5/31-11: Barratry. If a person wickedly and willfully excites and stirs up actions or quarrels between the people of this State with a view to promote strife and contention, he or she is guilty of the petty offence of common barratry, and if he or she is an attorney at law, he or she

will be suspended from the practice of his or her profession, for any time not exceeding 6 months.

Illinois Statutes Chapter 720. Criminal Offenses 5/32-12. Maintenance. If a person officiously intermeddles in an action that in no way belongs to or concerns that person, by maintaining or assisting either party, with money or otherwise, to prosecute or defend the action, with a view to promote litigation, he or she is guilty of maintenance and upon conviction shall be fined and punished as in cases of common barratry.

21. Whether or not Warlander's assistance in Tillman's Petition, and Tillman's acceptance of that assistance is a criminal offense, it is certainly against Illinois' public policy.<sup>2</sup>

22. Before considering the Petition on the merits, the Court should require Warlander to disclose the nature and extent of its "separate financial interest in the litigation". If Warlander's true financial interest lies in creating a default that will allow it to profit from its swaps, Amici submit that Warlander and Tillman have filed their Petition with a "malicious or ulterior purpose" and the Court should deny their Petition.

### **III. PETITIONERS HAVE NO REASONABLE GROUND TO SEEK RELIEF.**

23. In addition to the arguments of the Defendants, Petitioners' suggestion that the Illinois Constitution supports the suit Petitioners seek to bring fails for several reasons.

24. First, Petitioners are incorrect when they assert that Section 9(b) of the Illinois Constitution uses "specific purpose" as a limitation on the incurrence of long-term debt. Rather, the section requires a "specific purpose" not as a limitation on power to incur long-term debt but as a description of the purpose for which that power is used. The plain text of Section 9(b) makes this clear:

(b) State debt for specific purposes may be incurred or the payment of State or other debt guaranteed in such amounts as may be provided either in a law passed by the vote of three-fifths of the members elected to each house of the General

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<sup>2</sup> Amici do not assert, in this brief, that any private right of action for barratry or maintenance exists against Warlander or Tillman, or that they are liable in damages, nor does the Court need to find that such an action would lie or that Warlander or Tillman are liable in damages.

Assembly or in a law approved by a majority of the electors voting on the question at the next general election following passage. Any law providing for the incurring or guaranteeing of debt shall set forth the specific purposes and the manner of repayment.

Ill Const. § 9(b) (emphasis added).

25. The second sentence of Section 9(b) requires any law authorizing the incurrence or guaranty of debt to state the “specific purposes” of the debt and the manner of repayment – this is clearly a requirement of disclosure, not a term of limitation. Furthermore, the first sentence of Section 9(b) requires “specific purposes” only for the “incurrence” of state debt; it does not apply at all to the payment or guaranty of debt by the State. Under Petitioners’ interpretation, the State can guaranty bonds without any “specific purpose.” Such an outcome makes no sense.

26. Second, Petitioners ignore the history of Section 9(b), which makes clear that the purpose of the provision was to streamline the process of issuing State debt and thereby save the State considerable interest expense. The previous Illinois Constitution of 1870 had required the State to obtain voter approval by referendum before it could issue general obligation bonds. To avoid the burden of conducting such referenda, the State adopted various subterfuges, such as enacting laws (by simple General Assembly majorities) to establish “Authorities” which would then issue revenue bonds payable from revenues transferred from the State. *See* 3 Record of Proceedings, Sixth Illinois Constitutional Convention (the “Proceedings”) at 1927-28, excerpts ranging from page 1927 through 2110 of which are attached as **Exhibit C**.

27. The 1970 Constitutional Convention decried these practices – not because they overburdened the State with debt, but because such revenue bonds had to pay a much higher rate of interest than straightforward G.O. Bonds. *See* 5 Proceedings 3868, excerpts ranging from page 3760 through 3922 of which are attached as **Exhibit D** (Statement of Mr. Thompson:



“Every one of us in this room campaigned on the proposition that we had a bad situation with people circumventing the constitution and issuing these revenue bonds at higher rates.”).

28. Accordingly, the Convention resolved that Section 9(b) authorize long-term G.O. Bonds with either a three-fifths vote by each house of the General Assembly or approval in a voter referendum. The Convention deliberately designed Section 9(b) to liberalize G.O. Bond issuances to lower the cost of borrowing. *See* Proceedings at 3848-49.

29. Third, Section 9(b) limits state borrowing by requiring not a “specific purpose,” but a supermajority – a requirement not found in any of the other provision of Section 9. The Convention Transcript contains no reference to “specific purpose” as a limitation on the ability to borrow.<sup>3</sup> Instead, the Convention restricted the issuance of long-term G.O. Bonds by requiring a three-fifths vote by each house of the General Assembly in Section 9(b), as opposed to limited short-term borrowing, which could be approved by a simple majority under Sections 9(c)&(d).

30. Delegates to the Constitutional Convention debated Section 9(b), but they focused not on “specific purposes” but on whether the General Assembly majorities needed for G.O. Bonds should be two-thirds, three-fifths or 51%. *See, e.g.,* Proceedings at 135 (three-fifths); 342-433, 562-63 (two-thirds); 573-74 (majority) 574-80 (two-thirds); 658, 717, 799 (three-fifths); 2109 (Exchange between Mr. Mathias and Mr. Brannen as to simple majority to authorize a limited amount of debt vs. two-thirds majorities without limit); 3848 (presentation of

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<sup>3</sup> Petitioners cite isolated statements that a capital project is an *example* of “specific purposes,” e.g. Proceedings at 1932, but no statement that *only* capital projects are “specific purposes.” Compare Statement of Mr. A. Lennon against Section 9(b):

Now, I will say, here and now, that I can read; and these words mean that the state can incur unlimited obligations for anything it wants to which is stated in the bill, without regard to whether it is for a particular interest group, without regard to whether it is good or bad, so long as in some way it is related to what we can call a general public interest.

Proceedings at 3850.

amendment to reduce the requirement of a two-thirds majority to a simple majority); and 3851 (amendment offered to reduce two-thirds to three-fifths).

31. Fourth, the language and drafting history of Section 9(b) shows that Petitioners' position is actually contrary to the central economic objective of the provision. As explained above, Section 9(b) requires no "specific purpose" to guarantee debt. Thus, under Petitioners' interpretation, the State could have guaranteed its past-due trade payables to increase the ability of unpaid vendors to sell their unpaid bills – which accrue interest at more than 12% per year under Illinois law – but could not issue bonds to finance the repayment of those bills directly – at a far lower interest rate. Petitioners' arguments, if adopted, would saddle the State with an enormous interest penalty that Section 9(b) was expressly written to avoid.

### CONCLUSION

For the reasons set forth above, the Petition should be denied.

Dated: August 9, 2019

Respectfully submitted,

**SORLING NORTHRUP**

s/ David A. Rolf

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**Exhibit A**

**Statistic Table Summarizing Bond Prices**

**Prices of Reference G.O. Bonds Within the Series of Bonds Held by Warlander<sup>1</sup>**

	<b>Series Feb 2010:</b> Taxable 6.63% due 2035	<b>Series Feb 2014:</b> 5% due 2039 callable in 2024	<b>Series Apr 2014:</b> 5% due 2039 callable in 2024	<b>Series May 2014:</b> 5% due 2039 callable in 2024	<b>Series Nov 2016:</b> 5% due 2041 callable in 2026	<b>Series Dec 2017:</b> 5% due 2042 callable in 2027	<b>Series May 2018:</b> 5% due 2043 callable in 2028
<b>Price at Issuance</b>	100.000	99.433	103.649	103.657	104.137	104.633	100.937
<b>Minimum Price Since Issuance</b>	87.968	94.679	94.656	94.648	94.347	99.719	99.579
<b>Average Price Since Issuance</b>	105.967	103.033	103.162	103.187	102.738	104.034	104.338
<b>Maximum Price Since Issuance</b>	119.031	109.340	109.516	109.605	110.157	109.950	111.697
<b>Current Price</b>	119.031	106.719	106.920	107.021	110.157	109.244	111.697

<sup>1</sup> The Petitioners' proposed complaint alleges that Warlander holds G.O. Bonds in the series issued in February 2010, February 2014, April 2014, May 2014, November 2016, December 2017, and May 2018. *Complaint* at ¶ 17. The reference bonds above were issued as part of such series. The reference bonds appearing in each column of the chart have the longest maturity of all bonds within each series and would generally be the most price-sensitive bonds within each series.

**Exhibit B**

**International Swap Dealers Association Report**

TRANSACTION DATA ⓘ

MARKET RISK ACTIVITY ⓘ

NOTIONAL OUTSTANDING ⓘ

TRADING VENUE ⓘ

CLEARING ⓘ

QUICK DATE 3M 6M

DATE RANGE START 2018-12-28 END 2019-06-28

PRODUCT ⓘ Both selected ⓘ

SEARCH ⓘ  
× STATE OF ILLINOIS

UPDATE DATA

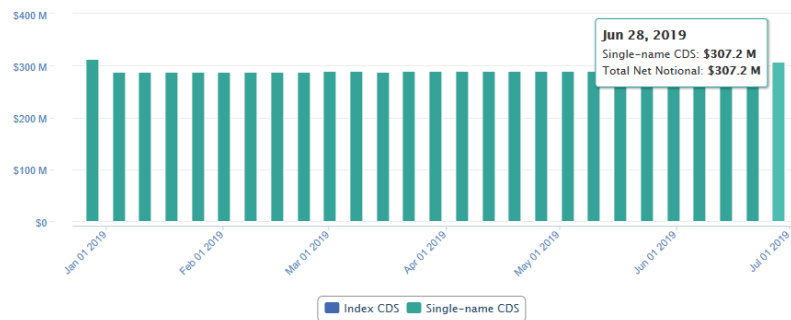
EXPORT DATA

GROSS NOTIONAL OUTSTANDING



Highcharts.com

NET NOTIONAL OUTSTANDING



Highcharts.com

**Exhibit C**

**Record of Proceedings, Sixth Illinois Constitutional Convention v. 3**

## VERBATIM TRANSCRIPT OF JUNE 19, 1970

1927

Now the types of provisions that are contained in other state constitutions break down into basically three methods—those that would prohibit all borrowing at all, so that in effect, what you would need to indebt the state would be a constitutional amendment, and these number twenty. There are twenty states with this provision. Then there are twenty-one states that require an act of the legislature followed by ratification by a public referendum. Our state, Illinois, falls within that category. And then there are nine states with relatively easy provisions that require some extraordinary act of the legislature, no referendum; or some states—five of them—make no mention of debt at all.

Now states normally issue two types of debt, general obligation bonds, which are backed by the full faith and credit of the state—and this simply means that the state promises to redeem these bonds by the exercise of its taxing power—and the second are revenue bonds, where the redemption of the bonds will come over a period of time from the revenues raised by the facilities for which the bonds were issued.

Now debt restrictions in a constitution apply to general obligation bonds normally. Our present constitution contains debt restrictions in the legislative article, section 18, and it is a tough provision. It places an absolute dollar ceiling of \$250,000 for casual deficits, and it requires any other debt to be ratified by the voters at a referendum in which the majority of the people voting at the general election for members of the General Assembly must vote to ratify. Now there we have something similar to what we have in our current provision on amending the constitution, where you need something other than a simple majority in order to pass a referendum. As a result of this relatively tough provision, the only debt that the state has a chance of floating is one in which the benefits of the indebtedness are almost statewide.

If for example, you take—the state would wish to finance a project in the southern part of Illinois, let's say a regional development scheme of some sort. It would have awfully tough going at a referendum because the people in the northern part of the state wouldn't feel that they were going to derive any benefit from it, and why should they place themselves in debt for an interest that might not be of any benefit to them at all. Similarly, it might be a highway or a system of highways across the southern part of the state. We have in our—the result of this has been that the state has used some rather ingenious devices to avoid the debt restrictions—the Illinois Building Authority for example. What they have done here is to create a public corporation, authorized it to issue debt by a simple majority of the legislature, call it a revenue bond, but promise to retire the revenues each year by an appropriation which they call rentals of the property. Now the result of this has been that the annual revenue depends upon the legislative appropriation act, and in the bond market, this is a kind of a shaky deal, so that our Illinois Building Authority bonds generally rate about a double A under *Moody's* and *Standard and Poor's*—less, indeed, than AT & T bonds—and to the extent that the rating is not high on these bonds, the interest rate is higher, so the people of the state of Illinois have had to pay a higher interest rate for floating these obligations than they might normally have to pay if these were backed by the full faith and credit of the state of Illinois. Indeed, in our state, we

have only about a fourth of the total indebtedness of the state that is backed by the full faith and credit of the state.

Now these were the considerations that went into our writing of the debt provision. We wanted to avoid these back-door type of operations that are costly to the people of the state, and they are a simple circumvention of constitutional restrictions. We still wanted to require some extraordinary measure so that when the state did decide—when the General Assembly did decide—that they wanted to issue debt, it would take something, some special considerations to do it. We wanted to bring in all of these agencies so that they would be subject to the same legislative treatment as the issuance of normal general obligation bonds.

And so, with that preface, I would like to proceed then directly to the language of section 9. It, incidentally, is the longest section in our revenue article. It reads:

State debt shall be incurred only as provided in this section. The state may issue or guarantee the payment of bonds or other evidence of indebtedness for specific purposes and in amounts as may be provided by the General Assembly. The act authorizing the indebtedness shall also state the manner of repayment. The act shall be approved either (and here we have a double-barreled go at it) (1) by a majority of members elected and serving in each house of the General Assembly and by a majority of the electors voting on the question at a referendum held at the next general election or (2) by two-thirds of the members elected and serving in each house of the General Assembly.

Now, we expect that the referendum requirement will probably be used for those huge debt issues which have statewide application. It requires a simple majority of the General Assembly, and a majority of those voting on the proposition at the elections, and this is a significant easing over the present provision which requires a majority of those voting at the election to vote on the proposition.

Then secondly, for those issues which we think, as I mentioned earlier, might be regional in nature, we make a provision that two-thirds of the members of each house elected and serving may indebt the state. This means that one-third, plus one, can block a debt issue of either house; and we think this is a stiff provision, but it is a proper provision to require the extraordinary or the second and third thoughts that we want the General Assembly to take before they decide to put the state into debt.

Now, the next part:

The section shall apply to every department, authority, public corporation, and quasi-public corporation of the state, and to state colleges and universities and other agencies of the state, whether established by this constitution or by law, but shall not apply to any local government.

And this is our attempt to bring in under the same legislative treatment, such things as the Tollway Authority, the Building Authority, the Housing Authority, and all these other quasi-public authorities, which now are authorized to issue debt.

And: "The section shall apply whether bonds or evidence



of indebtedness are secured by the full faith and credit of the state or by specific tax or nontax revenue." And this is intended to make clear that we want the legislative provisions set out here to apply to both revenue bonds and general obligation bonds.

Then we have a couple of minor provisions, for short-term debt treatment only.

The General Assembly may authorize the incurrence of indebtedness in anticipation of revenues to be collected in the current fiscal year. Such indebtedness shall be retired by the revenues which are anticipated and realized.

And this is simply to—as we have gone to an income tax, the flow of revenues will peak around April or May of each year, and in order to insure an orderly expenditure program throughout the year, we wanted authority in there to issue something like tax anticipation warrants or other evidence of short-term indebtedness in anticipation of the revenues coming in.

And finally, we provide:

The state may issue evidence of indebtedness to meet deficits caused by failure of revenue or emergencies. The act authorizing such indebtedness shall require repayment within one year from the date of issue.

The force of this is to take into account the fact that as we deal with income and sales taxes for the major source of revenue in the state, these become sensitive to changes in the economy, and that failures of revenues may become a little more frequent than they have in the past. If this happens—if the take is not as great as it was expected to be—this becomes a prior obligation upon the appropriations the following year to take care of the shortfall in revenues. Or if it became necessary—because of a disaster somewhere in the state—to over obligate, they could do this providing that they did not extend the obligation for more than one year and that they retired it out of the following year's revenue.

Now that completes my presentation, and I would be glad to answer any questions.

VICE-PRESIDENT SMITH: Thank you, Colonel Johnson. Before we take the first question, we have a couple of added starters in the gallery, Mrs. Cooper and Mrs. Gertz. We are delighted to have you ladies. (Applause)

VICE-PRESIDENT SMITH: Mrs. Leahy?

MRS. LEAHY: I have two questions—or two areas. The first is that in line 5, you say, "as may be provided by the General Assembly." What you really mean there is, "as provided by law." Right?

MR. S. JOHNSON: Yes.

MRS. LEAHY: Would that carry on through the entire section that you mean the full law-making process, not some kind of procedure the General Assembly may decide?

MR. S. JOHNSON: The law-making process.

MRS. LEAHY: So in line no. 23, you mean that the General Assembly passes the statute, and then the governor has the veto or the signature power?

MR. S. JOHNSON: Right.

MRS. LEAHY: The second area—this seems pretty stiff to me, when I look at it. Do you think you are inviting the

same kind of evasion because it is so stiff? And I am thinking here of your finance article in which you talked about the ability for public money to go to private agencies, corporations, or persons as long as it was serving a public purpose; and I am wondering if that might not open up significant ways to get around this.

MR. S. JOHNSON: There is always that possibility. It is hard to foresee. We know that the General Assembly in the past has been very ingenious in getting around restrictions, particularly in the field of debt and revenue, and every place else. Where it is especially stiffer is in the, of course, pulling under this tent all of the different authorities, which prior to this time have had to operate simply on the basis of a legislative majority.

MRS. LEAHY: Did your committee consider how easy or difficult—what this would do to the programs of those authorities right now? I mean, did you consider—we heard lots of testimony in General Government that a two-thirds requirement is tougher than a referendum, and yet you have pointed out the referendum runs into problems if the project seems to favor one part of the state.

MR. S. JOHNSON: That's right.

MRS. LEAHY: Do you think there is any chance of projects that favor one part of the state ever getting through under either one of these provisions?

MR. S. JOHNSON: I don't really know. I don't think it would have a chance under referendum, but it might under two-thirds majority, if there were enough legislators convinced that the entire state would benefit.

Now the alternative, of course, is to drop that two-thirds down to three-fifths or even a simple majority. And there, Mrs. Netsch, in fact, will be presenting an amendment which will call for indebteding the state only by a simple majority of both houses.

VICE-PRESIDENT SMITH: Thank you. Delegate Mathias?

MR. MATHIAS: Thank you. I have two questions. One of them I think you referred to just now. I was wondering whether your committee gave consideration to permitting the incurring of indebtedness by a three-fifths vote of the members of each house. We can amend—or submit an amendment to the constitution, can override a veto by a three-fifths vote—did you give consideration to a three-fifths vote rather than a two-thirds requirement?

MR. S. JOHNSON: We did. We didn't consider any requirement higher than a two-thirds, but we considered those below it. I think we were guided a little bit by what most delegates feel is a conservative attitude of the people of this state toward debt, and this is why we settled on the two-thirds.

MR. MATHIAS: Secondly, this provision, as I read it, would apply to other agencies—the universities, colleges, and so on. Now the General Assembly has enacted revenue acts; the University of Illinois and the other various university agencies may issue revenue bonds; would this require a separate authorization from the legislature on each project—each residence hall, for instance—or could it be by general legislation authorizing the board of the University of Illinois or Board of Regents or governing board to issue revenue bonds?

MR. S. JOHNSON: The first line—or line 4 would cov-



## VERBATIM TRANSCRIPT OF JUNE 19, 1970

1929

er that, and it would depend upon what the interpretation of the act was with regard to the specific purposes and amounts would be in the law. If the General Assembly felt that they could line out—line item out four or five projects in one act of legislation, this would be possible.

MR. MATHIAS: But you wouldn't have a general law authorizing a board from time to time to issue revenue bonds for residence halls or some such project?

MR. S. JOHNSON: I don't believe this would be possible. What do you think?

MR. KARNS: I don't believe it would be possible.

MR. MATHIAS: Thank you. The last question I have: Does this apply to refunding bonds?

MR. S. JOHNSON: Yes, I would think so.

VICE-PRESIDENT SMITH: Delegate Whalen?

MR. WHALEN: Delegate Johnson, my first question goes to the two-thirds requirement of the members elected and serving in each house to incur indebtedness. Did the committee make this decision after the Convention had voted on the three-fifths majority in each house to override a governor's veto, and after the three-fifths vote on the amending article, in the amending article?

MR. S. JOHNSON: Yes, we did. In fact, we originally had a tougher provision than this one. We originally—we had the double-barreled approach, but we had the requirement that the two-thirds majority to issue evidence of indebtedness be enacted by two succeeding General Assemblies, with the idea being that those standing for re-election would have as an issue to deal with the pending matter of an indebtedness of the state. We decided that this really would do little more than to drive us back into the kinds of evasions that we have had in the past, and so we settled on a one-time two-thirds majority, and we did it after the pattern of three-fifths had been established for the new constitution.

MR. WHALEN: My second question goes to lines 15 through 18 on page 4, where you set out another Revenue and Finance Committee laundry list to which this section is to apply. However, this laundry list is different than your finance article laundry list. For example, in your finance article laundry list you had state offices included. Now, did you intend to include state offices in this laundry list?

MR. JOHNSON: We intend to include any agency of the state which under its own authority can issue debt.

MR. WHALEN: Well, let me ask one other more explicit question. In the finance article laundry list, you use the term, "state educational institutions," which I presume could apply to vocational training centers, a training center for the blind, a rehabilitation center, and so on. And in this laundry list, you use the term "state colleges and universities."

VICE-PRESIDENT SMITH: Colonel Johnson, your colleague, Delegate Netsch, is volunteering to answer the question, I think.

MR. S. JOHNSON: Her assistance is always welcome.

MRS. NETSCH: Actually, that wasn't my purpose for arising. I'm sorry, because I am now interrupting. What I did want to do was to call the attention of the delegates to the fact that the Revenue Committee has prepared over the noon hour, a listing in very simplified form of some of the data that we have been presenting to them this morning, with respect to the

personal property tax and yesterday with respect to some other taxes. That has been mimeographed and is being passed out at the present time, and we ask all of them to look for it in the piles of materials they are receiving, because I think it answers some of the questions that have been raised about a few basic factual materials in finance. Thank you.

VICE-PRESIDENT SMITH: Thank you. I am sorry I misread Mrs. Netsch's hand signals.

MR. WHALEN: I thought she was going to comment on the dirty laundry.

MR. S. JOHNSON: Thank you, Mrs. Netsch. But now we didn't answer. While you are at it, would you like to speak about the laundry list?

MRS. NETSCH: I am afraid I didn't hear his precise question, though.

MR. S. JOHNSON: He mentioned an inconsistency between the laundry list that we had under the *Executive Budget* in the finance article and under this. There is a different purpose involved, of course. There, under the finance article, we were intent upon making sure that all of the requirements of the state be incorporated in the governor's *Executive Budget*. Here we are concerned primarily with those agencies which incur debt—the state—to have them incorporated in here—but if you have any better ideas when we come to Style and Drafting, we would be most grateful for your help.

MR. WHALEN: My final question is, it would seem to me that a natural limitation might be placed upon the state's ability to incur debt by some of the rating agencies. For example, a utility won't incur more debt if it has a single A rating because you simply can't market the debt securities. On the other hand, if you can get a triple A rating from *Standard and Poor's*, your securities are more marketable, and therefore the market place, in effect, establishes how much debt you can incur.

My question is, did the committee consider the market place as being a reasonable limitation on the ability of the state to incur debt, and did you consider the impact of ratings such as *Standard and Poor's* on the state's ability to incur debt?

MR. S. JOHNSON: We did indeed, and we had testimony from bond experts. This was one of the considerations that caused us to bring in all these other agencies and try to—well, first of all, it caused us *not* to put a specific dollar ceiling in. What we want to do is to try to force into the general obligation bond area, a number of these revenue bonds that are really somewhat spurious as revenue bonds—that depend upon annual appropriations to pay off a supposed rental. These, according to the bond experts, cost us anywhere from 5/8ths to 1 percent more in annual interest charges, and so we did consider that.

MR. WHALEN: But I assume you rejected it, if you came up with this kind of limitation, that kind of market place theory.

MR. S. JOHNSON: If we went strictly by the market place theory, we wouldn't need any debt provision in there at all.

MR. WHALEN: Thank you.

VICE-PRESIDENT SMITH: Delegate Kenney, do you arise to respond to Delegate Whalen's question?

MR. KENNEY: No, I would like a point of personal



privilege.

VICE-PRESIDENT SMITH: State your point, please.

MR. KENNEY: I believe Mrs. Netsch said something a moment ago that the Revenue Committee had done something over the noon hour, and I learned yesterday by accident in the afternoon that the Revenue Committee had done something yesterday over the noon hour, and I wonder if you mean this, Mrs. Netsch. I wasn't aware, as a member of the committee, that we were having a meeting over the noon hour. Could you explain this?

MRS. NETSCH: I didn't mean to—

VICE-PRESIDENT SMITH: Delegate Netsch?

MRS. NETSCH: Mr. Kenney, I did not mean to include you in if you wanted to be included out. What I meant was that some members of the Revenue Committee—we hope acting magnanimously on behalf of the entire Revenue Committee—prepared these figures over the noon hour and distributed them under the name of the Revenue Committee. And since we didn't make the figures up, we assume there will be no objection to them.

MR. KENNEY: I guess that is all right, as long as you don't sign my name to anything, Mrs. Netsch.

VICE-PRESIDENT SMITH: President Witwer?

PRESIDENT WITWER: Mr. President and Delegate Johnson, I've been out of the room and maybe someone has asked this question about section 9. It seems to me that the proposal may be even more restrictive on the power of the state to borrow, now that you have brought the authority bond issues under section 9, and its standards, than was the case heretofore.

My question is this: Has any thought been given to the possible use of a formula whereby some state borrowing, whether through its own institutions or authorities or directly, could occur within reasonable limits without the necessity of meeting either of these two tests, having in mind that there may be areas for needed borrowing that should be addressed promptly and which could not be addressed promptly if these tests were complied with?

MR. S. JOHNSON: Let us break this down into the kinds of borrowing we are talking about.

The true revenue bonds, if they have a sound financial underpinning, should have no difficulty in getting the necessary two-thirds majority. Those that do not—those that depend upon annual appropriations for the payment of "leases" with the public corporations—will be subjected to a more difficult test than they have had heretofore; but it is our idea that this more difficult test should be made, so that these can be put into the general obligation rather than the revenue bond theory arena, and thus earn for the taxpayers of the state of Illinois a lower interest rate. But it is—you're quite right, Mr. President—in that area it is a more restrictive provision than the one we now have.

PRESIDENT WITWER: Now your answer in justification for that increased degree of restriction is premised upon the assumption that it may be easy to get a vote of two-thirds of the members of each house of the General Assembly. Has the committee any figures to indicate how often in the history of the state a house of the General Assembly was controlled by the party which elected the governor or how many times in the

history of the state both houses by a two-thirds margin were in that posture?

MR. S. JOHNSON: There was a large booklet circulated, not only on the state of Illinois, but on all states, of the effects of two-thirds majority voting. But we had some wonderful testimony on this very question from our own able Delegate Scott, and perhaps if he would like to comment on that. Would you? Pardon?

He doesn't have any figures, but he did tell us that on worthwhile projects, he did not think that the two-thirds majority would be an extraordinarily stiff requirement.

PRESIDENT WITWER: May I ask a related question? Is it possible that by imposing a two-thirds requirement, the cost to the state in terms of the needed dealing that would then have to go on between an incumbent governor of either party to secure the help from the other party in the legislature might be disproportionate to the advantages to be gained by this kind of a proposal?

MR. S. JOHNSON: I don't know. We didn't discuss that at any length, other than to discuss the fact that this would require some concessions to regions of the state, just as the present referendum requirement almost makes it mandatory that there be goodies in there for most parts of the state.

PRESIDENT WITWER: Two final questions, related. Have you examined the provisions of other states—or at least one state—which by constitution has written in a formula whereby the aggregate public debt which can be issued is limited by some relationship or ratio to the state's current income-raising capacities? I believe Hawaii is in such a posture.

MR. S. JOHNSON: Yes, indeed we did, sir. We considered the provisions which would have tied the borrowing of the state to a maximum figure of 10 percent of the total appropriations—of the average of the appropriations made in the three preceding years. The committee decided that we would not go along with that provision.

PRESIDENT WITWER: One final question and then I will subside, is it not a fact that the current budgets of the governors of Illinois under our present constitution have always been very heavily loaded at the expense of current revenue with items which in business, at least, would have been spread out over a number of years because of their capital nature?

MR. S. JOHNSON: Yes, sir, this is true. This is one of the difficulties of having stiff debt requirements; it forces you to finance out of current operations, capital expenditures.

PRESIDENT WITWER: Thank you.

VICE-PRESIDENT SMITH: Delegate Thompson?

MR. THOMPSON: Thank you. Colonel, I had a question on lines 23 through 26, the short term debt—the anticipation warrants as you described them. In the finance article we mandated a balanced *Budget*. Is that correct?

MR. S. JOHNSON: Yes.

MR. THOMPSON: Does this have any effect on that? My question would be, the General Assembly is looking for money now to bail out the CTA; could they borrow against next year's earnings?

MR. S. JOHNSON: Not unless it were categorized as an emergency or a failure of revenue.

MR. THOMPSON: So you could categorize that as an



## VERBATIM TRANSCRIPT OF JUNE 19, 1970

1931

emergency or a failure of revenue and they could put out tax anticipation warrants for next year?

MR. S. JOHNSON: That would come under the following paragraph, not the paragraph you are speaking of. The paragraph you are speaking of is simply a provision which allows expenditures in anticipation of revenues to be collected within the current fiscal year.

MR. THOMPSON: Did your committee consider the plight of most school districts in the state that have—over a fairly short period of time—gotten, in effect, one year behind in their financing? Did you consider that this may, in fact, get somebody wanting to spend a little more money through emergency provisions—I think it's been done—which will, in a short period of time, put us one year behind and we'll be running on tax anticipation warrants?

MR. S. JOHNSON: This applies only to state debt, and I am not sure that tax anticipation warrants would be applied in this case.

What we are talking about in the last paragraph—and that is the one I think you have reference to here—is that should the budget be thrown out of kilter toward the end of the year because of the failure of income tax takes—the income tax take—to come up to what was estimated or because of some disaster which caused state expenditure, that in the following year the settlement of that must be an appropriation item.

But you are quite right; there could be a continuous roll-over from year to year simply if the General Assembly wished to overestimate what their revenues were going to be. They could create short-term debt that way.

MR. THOMPSON: That would—in effect, this could not go for more than one year, this language?

MR. S. JOHNSON: That is correct.

MR. THOMPSON: I think I see what could happen. Thank you.

VICE-PRESIDENT SMITH: Thank you, Delegate Thompson. Delegate Connor?

MR. CONNOR: One of the questions I had to ask—I am even less clear now than I was. Are the last two paragraphs meant to be read together? Because—

MR. S. JOHNSON: No.

MR. CONNOR: Whatever paragraph, line 23 seems to me to go to—to create a state parallel to tax anticipation warrants.

MR. S. JOHNSON: That is correct.

MR. CONNOR: The chairman just shook his head and you said yes.

MR. S. JOHNSON: The first paragraph are warrants that are intended to be retired in the current fiscal year.

MR. CONNOR: Which are tax anticipation warrants.

MR. S. JOHNSON: The second paragraph is indebtedness that will be retired out of revenues the following year.

MR. CONNOR: But they are separate issues? They are separate considerations, that is?

MR. S. JOHNSON: They serve a separate purpose.

MR. CONNOR: All right. So then under this—was this paragraph, line 23 to 26, intended to authorize state level tax anticipation warrants? Is that using a well—

MR. S. JOHNSON: That would be one form, I suppose.

MR. CONNOR: The question then, the local govern-

ments all use or have available tax anticipation warrants which are liens against taxes only. They are not a debt of the local body; they are limited to 75 percent of the estimated taxes to be collected. This is done by statute, I assume; I don't think it's in the constitution.

Now, if the state is going to start issuing tax anticipation-warrant-type instruments, is it your intention from this language—the last sentence says, “such indebtedness shall be retired by the revenues which are anticipated and realized.” In other words, this will not be a lien against the state either? It will just be a lien against the revenues anticipated and realized? Does the purchaser of this warrant have any lien against the state?

MR. S. JOHNSON: They could be. This merely indicates that the nature—or the length of time in which these were to be repaid.

MR. CONNOR: It isn't clear to me whether or not this becomes a state indebtedness, because if it is meant to be similar to tax anticipation warrants, they are not a lien on the taxing body.

MR. S. JOHNSON: I shouldn't think that there would be any bar to their being an indebtedness against the state.

MR. CONNOR: I am worried about the other way around, because if it isn't a state debt, then it doesn't take the considerations in lines 8 through 14.

MR. S. JOHNSON: We would consider that this is a good deal like a promissory note, unsecured.

MR. CONNOR: It is a full faith and credit of the state and not a lien on the taxes?

MR. S. JOHNSON: That's right.

MR. CONNOR: That is not what it—well, maybe that is what it says there, okay.

MR. S. JOHNSON: It may not be what it says, but this is what we meant.

MR. CONNOR: All right. Another question. You referred several times to the phrase “simple majority.” Actually what is mentioned here is a constitutional majority.

MR. S. JOHNSON: Right.

MR. CONNOR: It's a majority of those elected and serving, not a simple majority. Am I correct?

MR. S. JOHNSON: Right.

MR. CONNOR: Another question. You mentioned local governments as exempt from this. Is a junior college a local government?

MR. S. JOHNSON: I don't know. Is it? Does anyone know that? Whether a junior college is a unit of local government?

MR. CONNOR: I think it is, but I wanted to be sure—Delegate Scott answers every other question.

VICE-PRESIDENT SMITH: Delegate Scott?

MR. SCOTT: A junior college district, in my definition, would be a local government.

MR. CONNOR: So its fund-raising powers are exempt from this provision?

MR. S. JOHNSON: Right.

MR. CONNOR: One of the things I am particularly interested in—and I absolutely agree with the committee that the Public Building Commission route has got very little to recommend it—I am not sure that you have covered it yet in



this language. I know you intend to. The debt of the Public Building Authority is not a state debt; it is not so listed. It's an obligation. The state annually elects to sign or make at least appropriations which they may or may not do; there is no obligation to the state.

I can't put the language in I think belongs there. I am still not sure that an authority couldn't create an obligation which could be financed privately by annual allocations of the legislature and not be under this provision. Is your committee sure that you have got that hole plugged?

MR. S. JOHNSON: We did our best.

MR. KARNS: Dave, we did this knowing the difficulty of effectively accomplishing what we intended. The studies—at least, in my opinion—I think our committee differs—dealing with the efforts of states to prevent circumvention of debt requirements indicate that no state has been successful; and, of course, you point out one of the problems—when you start using the word “debt,” that is the very thing the courts hold these things aren't.

MR. CONNOR: Yes, that's what I know.

MR. KARNS: But I don't believe we have done that, though. We say the state may issue or guarantee; these would, in a sense, be guaranteed.

MR. CONNOR: The Building Commission Bonds are not guaranteed by the state or by anybody.

MR. KARNS: You get down to the application of the section, 15 to 19, we don't use the word “debt.” We were mindful of the problem. Maybe we've failed; every other state has.

MR. CONNOR: I just sure hope our record of the Convention is correct that we mean to prohibit that kind of borrowing. Is that a true statement?

MR. S. JOHNSON: I would like to read from a research report just briefly to illustrate the dilemma in trying to draft the language. Talking about the problem of the Illinois Building Authority,

Unfortunately it is an economic fact that unless authority bonds are backed by the state's credit, they are far more expensive to float. This then is the crux of the dilemma. If the state backs the bonds, the bonds are subject to invalidation on constitutional grounds; but if the state does not back the bonds, the bonds bear higher interest rates.

But to put it in a more optimistic way, the state would like to back the bonds sub rosa, and still escape the debt limit.

In search of this ideal situation, obviously it is necessary to “draft to the edge of the possible,” that is, to create an authority whose bonds are as fully backed by the state as possible but not publicly backed.

So this is the problem that we got into when we tried to draft language which would bring all of the quasi-public corporations of the state that are issuing evidence of indebtedness under this umbrella.

VICE-PRESIDENT SMITH: For the benefit of all who are interested in August adjournment, I would announce that we have six more questioners on our list. Delegate Hutmacher?

MR. HUTMACHER: This will be a short one. Delegate

Johnson, you used the phrase in the third line, “or guarantee,” and in the second line, “indebtedness.” I presume that “guarantee” is meant to come under the term “indebtedness.” Correct?

MR. S. JOHNSON: Right.

VICE-PRESIDENT SMITH: Delegate Stahl?

MR. STAHL: Picking up on Delegate Hutmacher's question about guaranteeing, Colonel, guarantee for whom? And my specific concern is with a broad answer to that question as well as the statement that is in lines 18 and 19 which says that this—“these provisions shall not apply to any local government,” and my specific question is, does that mean that the state may not guarantee payment of indebtedness that might be issued by local governments?

MR. S. JOHNSON: We didn't intend that. The word “guarantee” is in there specifically to underwrite or to lend the full faith and credit of the state to local government indebtedness or to some of these other half-public, half-private corporations that we might get into in the future, such as COMSAT.

MR. STAHL: You didn't mean in any way, then, to limit who the state may guarantee indebtedness for?

MR. S. JOHNSON: No.

MR. STAHL: In line 2, you used the phrase, “for specific purposes.” I am not sure I know exactly what the committee means by that language. Normally indebtedness, of course, is created to finance capital improvements. Do you envision that “for specific purposes might include other things?”

MR. S. JOHNSON: We have in mind when we use the term, “specific purposes,” that the improvement to be financed be described in such a way as it is identifiable and not just a general term such as Delegate Mathias had inquired about earlier.

MR. STAHL: The sixth line talks about the manner of repayment being described in the statute. Would you envision that under that the state could issue indebtedness which might have either balloon payments or an issue that might, for instance, call for only the payment of interest for the first ten years of the indebtedness?

MR. S. JOHNSON: It is possible.

MR. STAHL: In line 17, you talk about agencies of the state. Just for the record I want to get this straight; maybe we settled it with junior colleges. I have been informed that school districts are instrumentalities of the state; is that different from being an agency of the state and, therefore, you're not dealing with local school districts in this section?

MR. S. JOHNSON: The qualifier there is, “it shall not apply to any local government.” And I don't really know whether an instrumentality of the state would be an agency of the state. If it was a unit of local government, it wouldn't apply. If it was an extension of the state, it would.

I would suggest that possibly if the state has the primary responsibility for funding the instrumentality, that it would probably fall under the provision.

MR. STAHL: Then it might possibly include school districts?

MR. S. JOHNSON: It might at some future date.

MR. STAHL: You mentioned in your remarks the inclusion of housing authority bonds. Do you mean local housing



## VERBATIM TRANSCRIPT OF JUNE 19, 1970

1933

authority bonds or bonds of an agency such as the Illinois Housing Development Corporation?

MR. S. JOHNSON: Agencies such as the Illinois Housing Authority.

MR. STAHL: You do not mean local housing authorities?

MR. S. JOHNSON: No.

MR. STAHL: Lines 20 through 22 specifically enumerate certain kinds of revenue which may be used to repay debt. Is that to be read as all-inclusive or do you have in mind that there are some sources of revenue—for instance, federal grants—which might be excluded from this provision?

MR. S. JOHNSON: No, this is supposed to be all-inclusive.

MR. STAHL: Finally, Delegate Johnson, did you consider any limitation on the term of indebtedness, and if you did, why did you reject the idea of a limitation on term?

MR. S. JOHNSON: We discussed it. I don't think we got around to dealing with any specific language on it.

MR. STAHL: Thank you.

VICE-PRESIDENT SMITH: Thank you. Delegate Bottino?

MR. BOTTINO: Your mention of the August date causes me to pass.

VICE-PRESIDENT SMITH: Thank you. Delegate Kamin?

MR. KAMIN: I should probably do the same thing, but I will be brief.

With regard to the reference to the specific purposes for which the indebtedness may be incurred, is that meant to apply to the specific purpose for the specific issue or is it contemplated that the General Assembly could make a general grant of power to a specific agency for a specific purpose up to a certain amount, which amount could then be expended over a period of years?

MR. S. JOHNSON: No, it applies to specific purposes, the purpose for which the—or the improvement that is to be financed by the indebtedness must be described so it is a specifically identifiable improvement.

MR. KAMIN: One additional thing, because I think the language is unclear on that—is it then meant that the determination of the specificity of the purpose is subject to judicial review?

MR. S. JOHNSON: I would suppose so. It has—we ran into the same problem with the item veto, you recall, years ago. The "specific purposes" was put in there to assure that there was not just a general statement that would circumvent the idea of the item veto; and I would imagine that a case will, at some time in the future, come up questioning whether or not the purpose described in a debt issue is specific enough.

VICE-PRESIDENT SMITH: Thank you. Delegate Mathias?

MR. MATHIAS: Thank you. One very brief question: In lines 23 to 26 relating to the so called state tax anticipation warrants, you say the "General Assembly may authorize." In the last paragraph you say, "the state may issue."

Do you have in mind that there, too, the General Assembly would authorize the indebtedness to meet failures of revenue or that some state agency might do it without General Assem-

bly authorization?

MR. S. JOHNSON: I am not sure just exactly why we have the difference there, other than in 23, the General Assembly is authorizing, but in 26 the state is issuing.

VICE-PRESIDENT SMITH: Delegate Gertz?

MR. GERTZ: Colonel, I seem to recall that in our finance article we wanted to assure fiscal responsibility upon the state and to provide for receipts and disbursements being in balance. Now turning to what you have provided in this article, would it mean that there couldn't be issuance or guarantee of bonds unless there were budgeting of it in line with the finance article? This wouldn't be outside of the range of the finance article, would it?

MR. S. JOHNSON: The issuance—I am not quite sure, but this doesn't go to the balanced budget idea. This is a separate act. The appropriation or the servicing of debt created as a result of this would be subject to the annual appropriations action and would fall within the balanced budget provisions.

MR. GERTZ: It would have to be provided in the governor's budget message?

MR. S. JOHNSON: Yes, the annual debt services.

MR. GERTZ: And it would be something outside of that?

MR. S. JOHNSON: The act authorizing the indebtedness would be something outside of that, but the servicing of the debt—once it has become a reality—would have to be in the governor's annual *Budget*, and I might add that this—hopefully—on the state would act as the same deterrent as it does with you and I. We try not to get so heavily in debt that our cash flow doesn't allow us to service it properly.

MR. GERTZ: But conceivably it may be something not anticipated in the governor's budget message or within the framework of the finance article.

MR. S. JOHNSON: No. Conceivably, I suppose it could, but as a practical matter, I don't see that it would. I would suppose that all of these acts would find their origin with the governor.

VICE-PRESIDENT SMITH: Thank you, Delegate Gertz. Before recognizing, I believe, our last questioner, I want to add that since recognizing members of the Convention family previously, we have been joined by Mrs. Witwer, and we are always glad to have Mrs. Witwer with us. (Applause) Delegate Friedrich?

MR. FRIEDRICH: Delegate Johnson, these last two paragraphs bother me a little bit. Do you think that there is any possibility that this might lead to a temptation on the part of a governor in the last two years of his first term, for example, to decide that an extra \$50,000,000 might not help him over the hill without asking for new taxes, and the legislature, in their wisdom, half of them might decide that was a pretty good idea?

MR. S. JOHNSON: Well, I don't know about the specific example, but the general idea is a possibility.

MR. FRIEDRICH: Well, the other thing, of course, is the temptation to do as the local governments have. They just keep spending in advance and they might get this thing snowballing and renewing it from year after year till they get up to, say, \$300,000,000, and you are spending \$24,000,000 a year for interest and then if you never get it paid off, you are actual-



payers. Can't we vote on this thing more or less as it now stands, without worrying so much about these editorial changes, if the idea that we are after is clear and look at what Style and Drafting has given us in the quiet deliberations of that committee?

PRESIDENT WITWER: All right. Any further debate? Mrs. Netsch?

MRS. NETSCH: May I just say that in many respects I fully agree with Mr. Durr. I think this is a style problem. There is no question about the intent of the committee. I requested that it be treated as a style problem, but I had the amendment distributed because that was the request of the delegates.

PRESIDENT WITWER: Thank you. All right, we are on the Netsch amendment now. Are you ready? Those who will adopt it, please say aye. Those opposed, nay. All right, show of hands. Those who will adopt it, raise the hand. Now will you lower the hands? Those who are opposed? The amendment failed. The vote was thirty-three, yea; forty-six, nay.

Any further amendments? Mr. Brannen?

MR. BRANNEN: Well, we've left the first matter to Style. Now what do we want to do with the second one? I would move adoption of the amendment that has been distributed under my name. Again, this is strictly a clarifying amendment which was suggested by some of the delegates.

PRESIDENT WITWER: Thank you. If you are not pressing it, it is not before us. The Chair recognizes Mr. Woods.

MR. WOODS: May the amendment please be read?

PRESIDENT WITWER: The amendment is not being pressed. Are you moving it? It is not being moved, so it is not before us. Any other amendments? Father Lawlor?

FATHER LAWLOR: I don't want to make an amendment; I want some clarification. What control is there in this particular section to prevent the incurrence of mounting debt that will saddle the entire state for the next 100 years? It does not seem to me that paragraph no. 2 offers us very much protection in view of the growth of bureaucratic government today, and it is kind of a self-perpetuating thing that each time one program is completed they take on a new one, and whoever happens to be in power—they have to push through legislation to finance it; and if we are going to leave two-thirds of both houses to decide this thing, we can open the door to the same kind of a situation we have in the federal government where we are over \$300 billion in debt now. It is deficit financing. It is leading, perhaps, to the destruction of our nation. It has got to be controlled and nobody knows how to control it. The government doesn't want to go in deeper spending. Nobody wants to be in that position; but nevertheless, we are doing it and increasing it every year, and the only answer seems to be we need the money so we've got to vote it through no matter what, and the only people that don't like that is the creditor—the man who finds that you can't pay the bills eventually and he has to take you into court. He wants this thing settled somehow. The federal government is doing it and we have to bear that burden. Now we are going to give to the state the same power. There don't seem to be any limitations whatever here. It can go on and on and on. We could be \$300 bil-

lion in debt in Illinois, according to this. We could go to \$3 trillion. There is no control on it. Whatever the legislature says we've got to have, we've got to have it so long we get two-thirds of them to agree on it. I think this has to be controlled by a referendum, and it seems to me we should get rid of that second paragraph there. We first leave the legislature advise us on the need for it, then give it back to the people to decide whether they want it that way or not, if the people feel that "No, we can't handle that kind of a debt," fine; or if they go along with the legislature—after all, they are honorable men, we believe them, we will follow their path—but at least give us a chance to say whether or not we want it. I think something has got to be built into this in the way of control or we should knock the whole thing out.

PRESIDENT WITWER: Any further debate? Mr. Coleman?

MR. COLEMAN: No debate. I would like to ask a couple of questions of Delegate Brannen. Delegate Brannen, what is the committee's position on guaranteeing a local government's debt?

MR. BRANNEN: We intend that the proposal before you would permit the guarantee of local government debt by a two-thirds vote of each house of the General Assembly or by a majority vote with a referendum. The same test.

MR. STAHL: Parliamentary inquiry.

PRESIDENT WITWER: Yes?

MR. STAHL: What is before us at the moment?

PRESIDENT WITWER: Well, we are on a motion to amend—to take amendments on this section, and we are having debate on this section, presumably. There is no amendment. We are just on a motion, and there are inquiries about it. I don't know whether we are going to put it to a vote on the motion. I guess we are, because this is not one of the excluded group, so we are apparently leading up to the point of a motion to approve and submit to Style and Drafting section 9. The principal motion was made by Mr. Brannen. Just a minute—I think Mr. Mathias is next.

MR. MATHIAS: I think Mr. Stahl wants to offer an amendment. I will wait. I want to talk to the proposed amendment which has to do with the state guaranteeing the debt of local governments.

PRESIDENT WITWER: Well, do you have an amendment, Mr. Stahl?

MR. STAHL: Yes, Mr. President, I do. It's on the clerk's desk.

PRESIDENT WITWER: It would be appropriate to make it now because there are no amendments pending. We are on the main motion.

MR. STAHL: I would very much like to get this amendment before the body. I would like to move its adoption and ask the clerk to read it.

PRESIDENT WITWER: Has it been distributed?

MR. STAHL: Yes, it has.

PRESIDENT WITWER: Will you read it, Mr. Clerk?

CLERK: Amend section 9, line 19, by adding after the word "government" the following: "Except the state may guarantee the debt of local governmental units by a majority of the members elected and serving in each house of the General Assembly."



## VERBATIM TRANSCRIPT OF JUNE 26, 1970

2109

borrow this 5 percent of appropriations for that year, so that we get a cumulative thing, whereas next year it's 10, the next year it's 15, and we keep mounting up into this debt which is saddling the entire state year after year?

MR. THOMPSON: I would like to answer that. The debt must be paid back—the 5 percent must be paid back—before they could borrow 5 more percent. There could not be any cumulative effect on this.

FATHER LAWLOR: Well, the appropriations don't necessarily cover that kind of thing, do they?

MR. THOMPSON: I believe it would, Father Lawlor. Delegate Brannen has a remark.

FATHER LAWLOR: I think your "budget" is a better word.

VICE - PRESIDENT ALEXANDER: Delegate Brannen?

MR. BRANNEN: This has to be read in conjunction with the last sentence of the paragraph which says, "Such indebtedness shall be retired by the revenues which are anticipated and realized." This is only borrowing in anticipation of revenues; and as soon as the revenues come, in you have to pay it back out of those revenues.

FATHER LAWLOR: But that is what the federal government is doing now, anticipating that in the next 100 years we're going to get that \$300 billion somehow.

MR. BRANNEN: Absolutely not. This applies to the current appropriations, the current year, and the revenues that are anticipated within that current year.

VICE-PRESIDENT ALEXANDER: Delegate Perona, you were next.

MR. PERONA: Mr. President. Delegate Brannen, you indicated that 10 percent was more than enough, but is 5 percent more than enough also?

MR. BRANNEN: I have no real magic figure from 5 percent lower down. I think that 5 percent is a realistic figure. It is an adequate figure. Whether 4 percent is more realistic, I don't know. I really don't think that this percentage adds a great deal to the section as it is, but if it gives a feeling of protection, then I think it's probably just as well to insert it.

MR. PERONA: Then it is a reasonable figure, in your opinion?

MR. BRANNEN: Yes.

VICE-PRESIDENT ALEXANDER: Are there other questions? If not, is there a final comment from the committee? Apparently not. Delegate Thompson, will you conclude the debate?

MR. THOMPSON: Thank you Mr. Vice-President. I would simply urge the adoption of this amendment. I think it is a good amendment. I'll waive further debate.

VICE-PRESIDENT ALEXANDER: Thank you. We're ready for the question, then, on the Thompson amendment, which would insert in line 24 of section 9 following the word "indebtedness" the words "not to exceed 5 percent of the current appropriations." Those who will favor that amendment will indicate by saying aye. Those opposed, nay. And the ayes have it.

Now are there other amendments? Delegate Mathias?

MR. MATHIAS: Mr. Vice-President, I should like to ask Mr. Brannen a question with respect to this proposal. Really

—and I think this is probably intended by the committee—but this is much more restrictive than what we have under the present constitution, is it not? I have in mind that now under this proposal you can have state indebtedness incurred by two-thirds vote of the General Assembly or by a majority vote followed by referendum. We have a majority vote followed by referendum now, but in addition the General Assembly by a majority vote now may authorize projects that are going to be financed by the Building Authority, and the various agencies of the state can issue revenue bonds without action by the General Assembly; and I have no particular objection to bringing these projects before the General Assembly so they are authorized by the General Assembly. I am not particularly opposed to that, but did your committee give any consideration to authorizing the General Assembly by a majority vote to issue a certain amount of bonds such as 10 or 25 percent of the current budget or something of that sort—or current appropriation?

MR. BRANNEN: Yes, we discussed that possibility. We discussed the full range of possibilities and, as a matter of fact, the committee represents the entire spectrum on the subject of debt. Some would have even revenue bonds and every other form of indebtedness subjected to a referendum. Some would have any question of debt submitted only to a majority test of the legislature. This is more restrictive to the extent that these agencies and authorities now have to have the same approval as do the direct state indebtedness, and it was the committee's intention to bring these under that same test. They fully intended to make the incurrence of public building authority debt and other forms of such debt subject to a more restrictive test than is currently the case.

MR. MATHIAS: I have no particular objection to that proposal to bring those into the legislature, but it seems to me that before this article is adopted on second reading that we should give consideration to permitting the legislature, by a majority vote, to incur certain indebtedness. I think of the time when the state was not using debt for under the building authority or revenue bonds and so on—I think of the logrolling that took place in the General Assembly in order to get various projects authorized in the appropriations bills—and with a two-thirds vote we don't even have a three-fifths requirement. In other provisions under the constitution so far we have proposed that by three-fifths vote you can override a veto, we can submit a constitutional amendment, and that sort of thing. I think at least this ought to be reduced to three-fifths, and I would think that maybe by a majority vote we ought to permit certain indebtedness to be incurred by the legislature. I am not proposing an amendment at this time, but I will have one on second reading. I think we have to work out some formula to be used with respect to the debt that may be incurred by a majority vote.

MR. BRANNEN: With respect to the revenue bonds, I think that Delegate Stahl has an amendment—I don't know whether he intends to press it or not—dealing with that particular situation. With respect to the other forms of debt, this is a restrictive provision and we recognize that, but the committee wanted to insure that this test would be a strict one. It's our general feeling that the state will take large projects involving borrowing, and the legislature will submit them to ref-



erendum. They won't want to take on responsibilities with two-thirds majority on very large projects. But it is our feeling that on smaller projects which are of a pressing nature and which require more immediate action, that then they will be able to get the two-thirds majority and subject it to that test.

VICE-PRESIDENT ALEXANDER: Father Lawlor, we are still having problems with the printing of your amendment. Are there others that we might dispose of? The clerk informs me that this is incorrect. Is that not true, Father Lawlor? Father Lawlor?

FATHER LAWLOR: It is being distributed now.

VICE-PRESIDENT ALEXANDER: Would you like the clerk to read the proposed amendment?

FATHER LAWLOR: Please.

CLERK: Before I read it, Father, a point of clarification. The last paragraphs from lines 19 to 23, do you want that included or not?

FATHER LAWLOR: Yes, leave it in.

CLERK: All right, fine. Amend section 9 of Revenue and Finance Proposal No. 2 by deleting the word "either" in line 7 and the number "one" in line 8, the semicolon and the word "or" in line 12, and by striking all the remaining text of section 9 beginning with line 13 and inserting and in lieu thereof the following:

No county, city, township, school district, or other municipal corporation shall be allowed to become indebted in any manner or for any purpose to an amount including existing indebtedness in the aggregate exceeding 5 percentum on the value of the taxable property therein to be ascertained by the last assessment for state and county taxes previous to the incurrence of such indebtedness. Any county, city, school district, or other municipal corporation incurring any indebtedness as aforesaid shall, at the time of doing so, provide for the collection of a direct annual tax sufficient to pay the interest on such debt if it falls due and also to discharge the principal thereof within twenty years of the time of contracting the same. This section shall not be construed to prevent any county, city, township, school district, or other municipal corporations from issuing their bonds in compliance with any vote of the people which may have been had prior to the adoption of the constitution in pursuance of any law providing therefore.

VICE-PRESIDENT ALEXANDER: Do you rise on a point of order, Delegate Brannen? Would you state your point?

MR. BRANNEN: Point of order. I think this amendment is out of order, it's not germane, it relates strictly to local debt, it has nothing to do with state debt, and it does not at all deserve of consideration until the Local Government Committee brings in a local debt proposal.

FATHER LAWLOR: Mr. President and fellow delegates, this particular section is verbatim from the present article IX on revenue, and I think it is very definitely germane and is very appropriate at this moment when an effort is being made to unload city, local government debts on the back of the state. I think there has to be control, and I think that this is

good language for giving us that type of control and still accepting the first section that the committee has brought forth here.

VICE-PRESIDENT ALEXANDER: There is some confusion at the rostrum. We would like to ask the chairman of the Revenue Committee, Chairman Karns, his opinion on the germaneness of this amendment.

MR. KARNS: Well, it is my opinion, Mr. Vice-President, that this is clearly not germane.

VICE-PRESIDENT ALEXANDER: We will so rule. The parliamentarian and the Chair will defer to the best judgment of the chairman. We lack the expertise on this matter, so we will support your point of order, Delegate Brannen, that this is not in order at this time.

FATHER LAWLOR: Could we get the view of the community here?

VICE-PRESIDENT ALEXANDER: You will appeal the ruling of the Chair?

FATHER LAWLOR: Right.

VICE-PRESIDENT ALEXANDER: Is there a second on the appeal? Delegate Marolda. Those who will sustain the appeal of Father Lawlor will indicate by saying aye. Those who will sustain the ruling of the Chair, nay. The nays have it.

Are there other amendments to section 9? Apparently there are none. Excuse me, Delegate Sommerschild?

MR. SOMMERSCHILD: In anticipation of a possible amendment, I would like to ask a question of Delegate Brannen.

VICE-PRESIDENT ALEXANDER: Delegate Brannen indicates he will answer your question.

MR. SOMMERSCHILD: I believe you have stated—or at least indicated, if not having stated forthrightly—that the last sentence of the paragraph that we're not concerned with on lines 25 and 26 is written to indicate that indebtedness shall be retired in the current fiscal year that they are authorized.

MR. BRANNEN: Correct.

MR. SOMMERSCHILD: I find that reading of that sentence rather abstruse. I wonder if we could not substitute for the word "the" before "revenues" in line 25 the four words "those current fiscal-year," which would then read, "Such indebtedness shall be retired by those current fiscal-year revenues which are anticipated and realized." I think it is very easy to read into the sentence as it now stands, where you just require indebtedness to be paid by revenues anticipated and realized, the payment by those revenues in sometime other than the current fiscal year.

MR. BRANNEN: I think, Bill, that we would prefer to leave that to Style and Drafting with the understanding of our intent. We think this is perfectly clear, because you can't anticipate revenue beyond the current budget for the current appropriations; and since we have provided in the finance article for annual budgeting and annual appropriations, we don't think there is any possibility that you could anticipate revenues beyond the point at which the General Assembly has made appropriations—or authorized appropriations—but why don't we discuss it with Style and Drafting, if that's acceptable to you?

MR. SOMMERSCHILD: That's all right with me. I

**Exhibit D**

**Record of Proceedings, Sixth Illinois Constitutional Convention v. 5**



could not look at this article and say, "But we abolished personal property taxes on individuals by the November referendum," if this is what really happens. And we struggled and we fought and we bled over wording, and I realize that it may be neater constitutional writing to put this in a schedule, but frankly I'm looking to sell the voter on what we are trying to do and I am afraid it will be lost somewhere, and this is my other objection. You'll undoubtedly hear more.

MR. WHALEN: Well, I would like to just answer. I think that the phasing out is handled by the proposed language. I am still not sure that Mr. Cooper's objections are answered by the proposed language.

MRS. MULLEN: Well, I agree with his, too.

MR. WHALEN: As to your second point that this should not go in the schedule, anybody that's sophisticated enough to be reading this revenue article is not going to miss, in my judgment, lines 9 through 11 if they don't see it, but they will be sophisticated enough to pick it up in the schedule if they are looking for that kind of thing.

MRS. MULLEN: Delegate Whalen, I have been on referendum campaigns for something like twenty years. Most of the people to whom you talk are not—I hate to use the word "sophisticated," but revenue is not simply their bag; and newspapers and other organizations will pick up the first wording, and it does take a little hunting around to find the schedule. And, frankly, this, to me, was something we deliberately put in to reassure the voter, and the voter who is maybe not terribly sophisticated about knowing where to look for it.

PRESIDENT WITWER: Thank you. Mr. Rachunas?

MR. RACHUNAS: Thank you, Mr. President. Mr. Whalen, on page 17, line 3, you have stated, "one such tax imposed," and then on the following line you have, "one such tax so imposed on corporations." And I was wondering if the repetition of this language—almost identical language—has a different meaning for taxation purposes on corporations rather than individuals and, really, if the repetition of this language is really necessary—if the one phrase on line 3 wouldn't cover both individuals and corporations.

MR. WHALEN: I think it might, Delegate Rachunas, and the reason we added that language was to just make it abundantly clear that only one tax could be imposed, but a flat rate tax could be imposed both on corporations and on individuals. We wanted it to be made clear that if a tax were imposed only upon corporations, that would not limit the state's power to also impose an income tax on individuals and vice versa—if an income tax were imposed on individuals we wouldn't want to limit the state's power to also impose a tax upon corporations.

MR. RACHUNAS: Well, could this tax possibly be imposed, say, on gross earnings—on gross receipts on corporations and on certain corporations or individuals or earnings as such on corporations—because of this wording? I am just wondering. I am trying to figure out if you can tax both individuals and corporations differently because of this.

MR. WHALEN: No, I don't think you could. The measure of the tax is found on section 3, sub (a), line 22, page 16, "The tax has to be measured on or measured by income." So that's the limitation on what you measure the tax by.

MR. RACHUNAS: So, in essence, then, you really don't

need that second phrase, "on such tax so imposed"?

MR. WHALEN: Yes, I think you do, just to make it clear that you can impose it on both corporations and on individuals.

MR. RACHUNAS: I am sorry if I am belaboring this, but it seems as though if you were to state, "at any one time there may be no more than one such tax imposed by the state for state purposes on individuals and corporations," this would cover it. Maybe I am not seeing the light of day.

PRESIDENT WITWER: Mr. Cicero, would you like to speak to that?

MR. CICERO: Thank you, Mr. President. The problem with that language, Delegate Rachunas, is that it is susceptible of the interpretation there is one tax—one flat rate tax which has to be the same rate on both individuals and corporations. That was not the intent of that language when introduced, and the additional language, "one tax so imposed on corporations," is to accomplish two things: to make clear that it may be a different rate but it must be a flat rate on corporations than on individuals, and that is imposed for state purposes. There is that additional qualification at the beginning of the sentence. That applies to corporations as well as individuals. So it incorporates both of those, but the reason you can't lump them together as you suggested is that it's susceptible of the interpretation there is only one flat rate tax on both corporations and individuals as distinguished from a flat rate tax on each one.

MR. RACHUNAS: I see. Thank you very much.

PRESIDENT WITWER: Thank you. Mr. Brannen?

MR. BRANNEN: On behalf of several members of the Revenue Committee, I would like to ask two questions regarding the state debt section—section 9—to establish the record.

Page 24 of the committee report, the top of the page, section (b)—in the language drafted by the committee we used the words "current fiscal year" and attempted to tie this in so that it clearly could apply only to the appropriations and debt during a current fiscal year.

Is it your opinion that that would still apply under the rewording or would it be possible for such debt to be incurred based on a future year appropriation?

MR. WHALEN: No future year appropriations. I think this language clearly incorporates your current fiscal year idea.

MR. BRANNEN: With respect to section (d), the last sentence beginning on line 13, we had used language adopted by the Committee of the Whole which—let me find it here—which did not use the word "incurrence." It said "the act authorizing such indebtedness." We intended that to include both the actual incurrence of debt and the guaranteeing of debt. Is it your opinion that your wording, while providing for the incurring of debt, would also include the process of guaranteeing debt?

MR. WHALEN: I think you had better propose an amendment that would include "or guaranteeing the debt."

MR. BRANNEN: Fine.

PRESIDENT WITWER: Thank you. Mr. Gertz?

MR. GERTZ: I waive.

PRESIDENT WITWER: Mr. Tomei?



because I do think it has some deficiencies, as was pointed out by Mr. Cooper, and we'll stick with the old language for purposes of second reading.

MR. THOMPSON: We will move it at second reading, and it will be then—in other words, if it sticks through second reading it will be deleted, subject to language change which would be approved by the body but not changed to substantive change?

MR. WHALEN: My problem, Delegate Thompson, is that I am not sure what the substance is of the old language.

MR. THOMPSON: I know what the intent of a great many of us are, and I think we do have some language problems with both of them, perhaps; but I am concerned that—on account of the rules of the Convention—that we can't make substantive changes after second reading, but I would like to get this through second reading and then work on the language. If that's your intent, that's fine. Is that correct, Mr. Whalen?

MR. WHALEN: My intent is that anyone who wants to make substantive changes in this language certainly can on second reading, and the Style, Drafting, and Submission Committee will just put this language before you to do with what you want.

MR. THOMPSON: Is that correct, Mr. President?

PRESIDENT WITWER: Yes, it's understood that when we get into the perfecting stage very shortly, if you have any language which will throw light on the substantive intent of the Convention, you should do it then, so Style and Drafting will have some guideposts as it goes to work during the recess we hope to hold.

MR. THOMPSON: Thank you, sir.

PRESIDENT WITWER: Thank you. Now, Mr. Whalen?

MR. WHALEN: Mr. President and fellow delegates, at this time I would like to move sections 1 through 9 of Style, Drafting, and Submission Committee Report No. 8 with the exception of section 5 (b), which is found on page 20, lines 15 through 20, and, in lieu thereof, the original language found on lines 10 through 14 of page 29 and excluding the bracketed words "at a general election" found on page 17, line 10, in section 3(a).

PRESIDENT WITWER: Thank you. This would appear to reserve those matters which were principally objected to. Mr. Karns?

MR. KARNS: Mr. President, do I understand also, Mr. Whalen, that your committee will—I don't know how to say it—take another look at the language of section 1?

MR. WHALEN: Yes.

MR. KARNS: Kind of leave it a little bit up in the air?

PRESIDENT WITWER: If you have any amendments on section 1, I am sure that the committee would be glad to receive them during second reading; but otherwise I understand you will endeavor to carry out the intent when you go back to your style and drafting work before third reading.

MR. WHALEN: That's right.

PRESIDENT WITWER: Are you ready now on the motion? Is it seconded? Mr. Brannen?

MR. BRANNEN: Mr. Whalen earlier invited an amendment inserting two words in section 9. It hasn't been

reproduced yet, but maybe we can just handle it very simply here. Let's see if I can find it.

In section 9 on page 5, line 15 after the word "incurring," add the words "or guaranteeing." This is not a substantive change. I think it's more appropriate that we move it now.

PRESIDENT WITWER: Just a minute, please. Mr. Whalen, an inquiry has been addressed to you—whether you would accept the words "or guaranteeing."

MR. WHALEN: Yes, I think that encompasses the original intent, Delegate Brannen. Thank you.

PRESIDENT WITWER: We will take that as an editorial change without need to treat it as a substantive amendment. All right. Now you have heard the motion. Who seconds it?

MR. FRIEDRICH: Ask him to state it over again, please.

PRESIDENT WITWER: Yes. Will you state it over again, please?

MR. WHALEN: That's okay, Dwight.

PRESIDENT WITWER: Page 5. You mean the whole motion? I guess you had better state the whole motion again.

MR. WHALEN: Sections 1 through 9, excluding in section 3 (a), found on page 17, line 10, the bracketed words "at a general election"; and excluding section 5 (b), found on page 20, lines 15 through 20, and substituting in lieu lines 10 through 14 on page 20; and including, on page 24, section 9 (d), on line 14, between the word "debt" and "shall"—or between "incurring" and "of" on line 14, "or guaranteeing."

MR. BRANNEN: Line 15.

MR. WHALEN: Line 14 of page 24—line 14.

PRESIDENT WITWER: All right, do you understand the motion? Is it seconded?

MR. BRANNEN: I second it.

PRESIDENT WITWER: It has been seconded by Mr. Brannen. Are you ready? Those who will approve it, please say aye. Those opposed, nay. It's carried.

Now, do you wish to take up those other matters you reserved as we go through substantive perfection or do you wish to debate them now and accept amendments now?

MR. WHALEN: I suppose we should take them right now to be consistent with what we've done before, Mr. President.

PRESIDENT WITWER: All right. Now on the first one having to do with the designation of a general election for the referendum, is there a motion on that? Mr. Coleman, what is your motion?

MR. COLEMAN: I move that we delete everything that's in the brackets at the end of 3 (a).

PRESIDENT WITWER: Mr. Coleman moves the deletion of the words "at a general election" on pages 3 and 4 in section 3, and it's been seconded by whom?

MR. TOMEI: I second it.

PRESIDENT WITWER: Mr. Tomei seconds. Now, Mr. Coleman, if you wish to speak to it, or have you given us all that we need on it?

MR. COLEMAN: Mr. President, I don't think I have to speak to it. If it is the consensus of the body to put it back in, I am sure that they will do it on a subsequent amendment. I am just trying to take—I don't think that the Style and Drafting



Now is there any amendment on section 7?

MR. PARKHURST: Mr. President?

PRESIDENT WITWER: Just a minute.

MR. PARKHURST: Mr. President, before we move from 6, I would like to ask a question of the committee with reference to the use of the words "political subdivision" in line 20. I note that the old constitution uses the words "property of the state, counties, and other municipal corporations." The new language is "property of the state and its political subdivisions." Now the words "political subdivisions" we wrestled with in Local Government, and we chose not to use that terminology but rather to use "units of local government" as the descriptive term. I would simply suggest that we ought to be consistent.

MR. KARNS: We should be, Mr. President.

PRESIDENT WITWER: Thank you. Will you take it up, please, with Style and Drafting, Mr. Karns?

Now on 7—any amendments on 8? Now we go to 9, and I think we have several amendments. Are you pursuing your amendment, Mr. Karns, the one that you are on with Mr. Brannen, Mr. Green, S. Johnson, Mrs. Mullen, Mrs. Netsch, and Mr. Stahl?

MR. KARNS: Yes, I think Mr. Brannen is going to introduce that amendment, Mr. President.

PRESIDENT WITWER: Do you wish to present it now or do you wish to come later, Mr. Brannen?

Mr. Mathias, are you ready? Just as you wish; will you yield to Mr. Mathias or do you wish to go ahead, sir? The Chair recognizes Mr. Brannen.

MR. BRANNEN: Mr. President, I don't intend to pursue this amendment at this point, but I believe Mrs. Netsch intends to introduce it.

PRESIDENT WITWER: I see. Well, now, we will hear from Mr. Mathias then on his amendment. Just a minute—what's your point?

MR. FOSTER: I note that the amendments the Chair is now inquiring about involve rather substantial substitutions. Mr. Brannen has another amendment which only inserts two words.

PRESIDENT WITWER: I think you are right. The Chair sustains your point. This does appear to be in the nature of a substitution. Is that right, Mr. Mathias? And we'll take the perfecting amendments first.

Mr. Brannen, do you have a perfecting amendment?

MR. BRANNEN: That perfecting amendment was included in Mr. Whalen's motion with reference to style when we dealt with that matter earlier, so it has already been acted on.

PRESIDENT WITWER: All right, now, are there any other perfecting amendments? I would believe that since Mrs. Netsch's amendment is only partially in substitution, involving but one paragraph, that it would be in the nature of a perfecting amendment; and so if you are prepared to proceed, Mrs. Netsch, the Chair recognizes you for your amendment. Will the clerk read it?

CLERK: Amend section 9, page 5, by striking subsection (d), lines 9 through 16 and substituting therefore:

State debt for specific purposes may be incurred or the payment of state or other debt guaranteed in such amounts as may

be provided by law. Any law providing for the incurring or guaranteeing of debt shall set forth the specific purposes and the manner of repayment.

PRESIDENT WITWER: Is there a second? Seconded by Mr. Green. Now, Mrs. Netsch?

MRS. NETSCH: Thank you, Mr. President.

PRESIDENT WITWER: Mrs. Netsch, before you start, if you will permit me, I would like to announce that in the gallery we have the family of our good friend, Bill O'Connell, who has been covering this Convention for months for the *Peoria Journal Star*, and in the gallery are not only Mrs. O'Connell and one of the children, but, in fact, all five children are here, and we are delighted. (Applause)

It is a nice family, Bill.

And I don't know whether the family of Delegate Marolda happened to be in the room when we introduced them a while ago, but I am going to do it again. Are they here? Are the Maroldas here in the gallery? Well, all right, we will try it later, Lou. Thank you.

Now, before recognizing Mrs. Netsch to speak on her amendment, I invite Vice-President Lyons to take the gavel, if he will, please. Now Mrs. Netsch?

MRS. NETSCH: Thank you, Mr. President. The amendment that has just been read to you, which is cosponsored by Delegates Brannen, Green, Stanley Johnson, Karns, Mullen, and Stahl, is designed to leave the state debt provision as it was adopted by this Convention on first reading with one major change, and that is in the method by which debt may be incurred by the state.

Instead of the alternative provisions which were adopted on first reading—that is, a two-thirds vote of each house of the legislature or a majority vote of each house of the legislature followed by majority approval at referendum—the amendment is designed to substitute therefor a majority vote of both houses of the legislature.

The effect, therefore, would be that the right to incur debt—or in this case also to guarantee the payment of debt at the state or local level—in other words, any state debt program—could be achieved by a majority vote of the legislature.

I think that the reason for the amendment can be fairly briefly stated. We found—that this, those of us who are members of the Revenue Committee—found, after the Convention had passed by section 9 on first reading, that a good many of the delegates in the Convention were concerned that we had written a state debt provision that was unduly restrictive; and since many of you were familiar with the experience under the state debt provision of the 1870 Constitution and know what a failure it has been, the feeling that was expressed to some of us was that it didn't seem to make much sense to go down the same road again.

We had the impression that once the Convention had adopted the local government article on first reading, that the feeling intensified that we needed to go back and take another look at the state debt provision. Again, the recognition on the part of the delegates that we had greatly liberalized the power to incur debt at the local level, and that in many respects it was going to be easier in the future to incur debt at the local level than at the state level, and that that did not really seem to make a great deal of sense.



## VERBATIM TRANSCRIPT OF AUGUST 9, 1970

3849

The proposal before you would require the same kind of a vote for incurring debt at the state level or for a program of guaranteeing debt at the state level that is required for the appropriation of all of the sums of money that the General Assembly, in fact, appropriates each fiscal year.

And I would remind you that in addition to the power to raise taxes by majority vote, that at the present time—

VICE-PRESIDENT LYONS: Excuse me, Delegate Netsch. May we have some order so the speakers can be heard? Proceed, please.

MRS. NETSCH: Thank you, Mr. President.—that at the present time the General Assembly is appropriating sums in the neighborhood of \$5,000,000,000 a year for all of the expenses of state government and all of those appropriations—all \$5,000,000,000—are made by majority vote of the legislature.

It does not seem to me that it involves any greater placing of faith in the good judgment and discretion of the legislature to allow them to have the decision by the same vote to decide whether or not the state is going to engage on a program of incurring debt or guaranteeing debt of a local unit of government.

The experience that we had before the committee—the testimony that we had before the committee indicated—and this came, incidentally, from Professor Hines who has written about the only in-depth study of state debt provisions—state and local government debt provisions—in the country—he had concluded some time ago that for all practical purposes constitutional debt restrictions do not work, and that no state has ever devised a constitutional debt restriction that worked.

And I suppose I need only remind you of the way in which Illinois has treated its own constitutional debt provision, to illustrate, and perhaps dramatize what Mr. Hines meant. Our 1870 Constitution provides that the state of Illinois may incur debt only to the extent of \$250,000 without going to a general referendum. At the present time, the state of Illinois and its various agencies, many of which were designed to get around this provision, have debt outstanding of \$1,300,000,000.

The provision in the constitution has had no effect whatsoever in holding down the debt incurred by the state. What it has done is it has inspired the state to resort to devious ways of incurring debt, almost all of which, as most of you know, have involved greater expenditure of funds, both for the process of developing the complicated studies that are necessary for revenue bond financing, and also because the state is required to pay higher interest rates when it resorts to revenue bond financing, rather than full faith and credit financing.

So—Illinois' experience is only one out of many. No state ever has devised a provision which has kept the state within narrow bounds in incurring debt.

Our feeling, then, on the Revenue Committee initially was that we wanted to avoid the necessity of resorting to all of these devious ways of incurring debt, which are more expensive for the state in the long run—the Illinois Building Authority, armory boards, toll highway authorities, and on and on and on. We much preferred to bring all forms of debts within the same package and subject to the same restrictions. We hope that we have written language that has achieved that.

And I and all the co-sponsors of this amendment are still

committed to the proposition that all forms of debt should be subjected to the same standards, but by the same token we recognize that if those standards are too strict—too tough—then the legislature in its ingenuity will find a way to get around them again. That is what we want to avoid.

So it seems to us that it makes great good sense and is totally consistent with what many of us on the Revenue Committee wanted to achieve, to provide that all forms of debt are subject to the same restriction, and that restriction is majority vote of the General Assembly.

I believe that sufficiently explains the amendment and the purpose behind it, Mr. President. Thank you.

VICE-PRESIDENT LYONS: Thank you, Delegate Netsch. Delegate Connor?

MR. CONNOR: I am a little confused. Are the sponsors—there are some identical sponsors between this and the Mathias amendment, specifically, Johnson, Karns, et al. Do these sponsors concur in the idea that a general law should be the route for which specific-purpose debt and guarantee should be authorized, whereas G.O. bonds have to have three-fifths and a referendum? I mean—I am curious, because they seem to—

MR. KARNs: I think it is, Dave, simply this: The group sponsoring the one now being discussed would prefer that approach.

MR. CONNOR: But you are on both.

MR. KARNs: Yes, but failing that, we then would prefer the Mathias-Cicero amendment. It is a matter of both being better than what we have now, in the opinion of those who sponsored these.

MR. CONNOR: I see. Well, is it the opinion of the proposers, then, of the first one that we have the identical arrangement for general obligation bonds as we do for specific purpose and guarantee?

MR. KARNs: That's right.

MR. CONNOR: That puts me, and maybe some others, in somewhat of a quandry, because I do not object to the majority vote for authorization of debt, but I strongly object to a differential between general obligations and specific purposes and guarantee, because if we should pass this amendment and then fail to pass a similar treatment for general obligation bonds, you can bet there will never be any general obligation bonds issued; they will all be specific purpose and/or guarantee. I don't know exactly how to approach this parliamentarily, but I would hope that somehow we could, as we vote—excuse me.

VICE-PRESIDENT LYONS: Delegate Netsch—I think she is just trying to respond to something that you are developing.

MR. CONNOR: She may respond any time.

MRS. NETSCH: If I may, Mr. Connor, I think you may have misread the amendment that is pending. This does not set a different standard for G.O.'s and either specific tax or non-tax revenue bonds.

Quite the contrary; it is designed to set exactly the same standard for all of them so that there would be no need to resort to the kinds of devices we have resorted to in the past to get around the G.O. bonds.

MR. CONNOR: Well, now, wait a minute. This amends



section (d). Right?

MRS. NETSCH: That is correct.

MR. CONNOR: It does not amend section (a) or (b)?

MRS. NETSCH: Yes, that's right.

MR. CONNOR: If we pass this, will there be a differential, then, between the varieties of legislative approval for different types of debt?

MRS. NETSCH: There will not be.

MR. CONNOR: There will be—what happens for general obligation bonds? Are they debts for specific purposes?

MRS. NETSCH: Yes.

MR. CONNOR: Then this covers all forms of authorization of debt by the state or guarantee?

MRS. NETSCH: It is intended to. If it does not, it is only because of some technical drafting error. It is intended to make clear that there is only one way in which all state debt—whether it be full faith and credit backed by specific tax revenues or backed by nontax revenues—may be incurred, and that is by majority of members; and I assume under our new provisions it would be a majority of the members elected in each house of the General Assembly.

MR. CONNOR: A referendum is not constitutional? It could be statutory?

MRS. NETSCH: It is not constitutional.

MR. CONNOR: In your amendment. All right. Thank you.

VICE-PRESIDENT LYONS: I would like to point out the presence in the gallery of Mr. and Mrs. Thomas Scott and their son, Charles. Mr. Thomas Scott is a brother of Delegate Marvick Scott. (Applause)

And also, Mr. Edward J. Farrell, his wife, Dorothy, and sons, Edward and Jimmy, and daughters, Karen and Ann, who are guests of Delegates McCracken and Kelleghan. (Applause)

VICE-PRESIDENT LYONS: Delegate Henry Green?

MR. GREEN: Two days ago I submitted several letters from boards of higher education, and it is with regard to the non-tax revenue bonds that section (d) is troublesome.

Now there are many higher education buildings such as dormitories, student unions, stadiums, things of that sort, that are all built—and always have been—by non-tax revenue bonds. This amendment would allow that that procedure remain as it is, namely, to be approved by a simple majority of the legislature.

If the suggested majority position remains, it would be virtually impossible to build these types of structures which are now allowed by general law, so it is for this specific reason with regard to the non-tax revenue bonds that I submitted that educational information with regard to those structures that are now built, but are not built by any tax money, and I think the Brannen amendment clears that up. Thank you.

VICE-PRESIDENT LYONS: Delegate Dwight Friedrich?

MR. FRIEDRICH: Well, in keeping with what I said a while ago, I want to oppose this. My efforts to limit taxation by the state have failed. Now then, we've got some people who not only want them to tax unlimited, but be able to borrow on top of that in an unlimited manner.

Now, I am sure the old constitution was too restrictive in

this area, and I think we all recognize it. We have attempted to loosen it up where it could be done on an emergency basis by the General Assembly when the need is there.

I think this is on the road to disaster. I am not saying this so that my name will be in the record as having said it. I don't want to say it because I can say, "I told you so." I am saying it because I am telling you now, "This is wrong!" And I urge you to keep it the way it is.

VICE-PRESIDENT LYONS: Delegate Stahl?

MR. STAHL: Mr. Vice-President and fellow delegates, for the record, I want it known that—as I previously indicated to Delegates Brannen, Karns, and Netsch—that the record reflect the withdrawal of my support of this amendment.

I had agreed to co-sponsor it at a time when I felt there was some hope for a less protective and more flexible section 3; but in view of the actions taken by this body on section 3, I cannot support this amendment.

VICE-PRESIDENT LYONS: Thank you, Delegate Stahl. Delegate Arthur Lennon?

MR. A. LENNON: Mr. President, it was kind of interesting yesterday. Lou Bottino and I had some of our constituents here, and they watched the proceedings for a day or two, and when we got all done with the no-limit income tax we said, "Well, what do you think?" They said, "Well, you boys are voting okay, but Lou and Art, why don't you just come on home?" I said, "Well, no, because I want to go back tomorrow for a reason. I want to see if those same folks are going to take the limit off the spending." And I couldn't believe it when I saw this thing, but sure enough, state debt for specific purposes, no limit!

Now, I read the headline this morning and it said, "No Tax Ceiling Con-Con," and I think I can write them one for tomorrow morning, "No Spending Ceiling Con-Con"; and probably, Dwight, the one Wednesday will say, "No New Con-Con."

Mr. Connor asked a couple of questions about this, and I assume that he was as dismayed as I, and he apparently felt that it didn't mean what it says—that it's only related to revenue bonds as opposed to general obligations.

Now, I will say, here and now, that I can read; and these words mean that the state can incur unlimited obligations for anything it wants to which is stated in the bill, without regard to whether it is for a particular interest group, without regard to whether it is good or bad, so long as in some way it is related to what we can call a general public interest.

No tax limit, no spending limit—what am I to think?

VICE-PRESIDENT LYONS: Delegate Kenney?

MR. KENNEY: Thank you, Mr. Vice-President. I am going to assume that Brother Lennon's closing question was rhetorical, so I won't try to tell him what to think; but in order not to disappoint him, since he came back today only for the purpose to confirm his suspicion that the free spenders of yesterday were going to continue as the free spenders of today, I want to rise to speak in favor of this amendment.

The remarks I have to make are quite parallel to those of Delegate Green, and I'll try not to repeat what he said, but I would like to point out that there are occasions when the colleges and universities have the opportunity to borrow very advantageously federal funds in federal programs, and occa-



## VERBATIM TRANSCRIPT OF AUGUST 9, 1970.

3851

sionally they can secure loans at interest rates which are about one-half of the going market.

It has been pointed out to me that a requirement of either two-thirds or a popular referendum—two-thirds in the General Assembly or a popular referendum—to approve this kind of borrowing would probably mean a delay to the point where the federal money would no longer be available because it would have gone to other states.

Now it seems to me that in projects of this sort—and I am not making a case here for the extension of the Netsch amendment to general obligation debt—I am hopeful that the Mathias amendment in substitute will be considered and adopted a little later on, but on the chance that it may not I feel I must speak for the Netsch amendment here—the projects of the sort that I have in mind have an excellent record of paying off the total cost out of revenue from the project, and I know that in Illinois a number of dormitory projects so financed over a forty-year period have, in fact, been paid off in twelve to fifteen years.

So I think we would be making a real mistake, Mr. Vice-President and ladies and gentlemen, if we did not, either through this amendment or in some other fashion, facilitate this kind of debt which is not a burden upon the general obligations of the state and which speeds up the reaction of self-liquidating projects of the most necessary kinds, such as dormitories and housing for married students at the colleges and universities. Thank you.

MR. ELWARD: Mr. Vice-President and members of the Convention, I rise in opposition to this amendment of Delegate Netsch. It has been aptly described by others before me as unlimited borrowing power, and for all practical purposes that is what it is.

As I read it, it takes out the entire subsection (d)—I believe that's the intent—and puts in this unlimited requirement.

Now let me tell you some of the problems, practically speaking, as a legislator. Borrowing—

VICE-PRESIDENT LYONS: Excuse me, Delegate Elward. May we have some order? Proceed, sir.

MR. ELWARD: Thank you, Mr. Vice-President. Borrowing to run state business is very attractive to me as a member of the legislature and as a politician, because that simply means that we are postponing the necessary taxation, and it is always very attractive to put up the buildings now and be present in the pictures when the ribbons are cut dedicating them, and then to leave it to my children or my grandchildren to make the necessary payments for those buildings. I reap the personal political benefit from the structures. Somebody else pays the bill.

And I should like to suggest, in thoroughly bipartisan terms, that this is the attitude which most of my colleagues would understandably have. It is not unique to me personally, nor is it unique to any one party.

Now if you wish to simply turn over the entire debt structure which we have greatly liberalized already in the report that came to you from the Revenue Committee—to simply have no ceiling whatever, to allow toll road authorities, dormitory authorities, building authorities, highway trust authorities to proliferate all over the place and all over the state—then, of course, by all means support this amendment.

Those who advocate this amendment honestly believe as a matter of philosophical conviction that debt should be easy to get into. I do not. Those who oppose this amendment would respectfully suggest to you that—particularly in view of the actions taken this past week by this Convention—that we do not need any more nails. This is a great big golden one. Let's please reject it.

VICE-PRESIDENT LYONS: Delegate Coleman?

MR. COLEMAN: Thank you, Mr. Vice-President. Most speakers before me have pre-empted me. I'd like to ask a question of the sponsors of this amendment. Would you consider a 60 percent—a three-fifths limitation across the board on all debt?

VICE-PRESIDENT LYONS: Delegate Netsch?

MRS. NETSCH: If I may speak for the sponsors, we would not accept it as an agreed-upon amendment. You are free to offer it as an amendment of your own. We would not accept it.

MR. COLEMAN: No, I won't. Mr. Vice-President, I won't offer it. I, like others, would like to see the state in a position to borrow money when it is needed. I think the 66-2/3 percent is a little harsh, but to go a step further and open the door completely to one over a simple majority, I think is going too far the other way. And I would only say, if the sponsors of this amendment are not willing to reduce—to take an extraordinary majority of three-fifths of the General Assembly and avoid referendum, I don't think this will even pass, so there is no need for me to stand up here. I think most delegates present will vote this down right away.

VICE-PRESIDENT LYONS: Delegate Durr?

MR. DURR: Thank you, Mr. Vice-President and ladies and gentlemen. Like Delegate Friedrich, I am not standing here to make a record or I would have a coat on. I am standing here just to tell you that down in Madison County, at least, we have the silly notion that perhaps one of the goals of this life is not so much to support government, as to do your own thing within the limits of the law and the rights of your neighbors; so that some of us would view the support of government not as a goal to strive for, but simply as a necessary evil—or a necessary duty, perhaps not always evil.

But you are talking here about authorizing some people to spend the money of other people. You are talking here, certainly, about some restrictions on the boards of higher education that Delegate Green is concerned about and mentioned.

But when you talk about non-tax revenue bonds for college dormitories, where does the money come from? It comes from the student who lives there. Where does he get the money? From dad. Who is dad? Dad is the taxpayer who pays the taxes to pay the interest on the bonds.

Now, Delegate Kenney is concerned because you may not be able to borrow the money at low rates from federal funds. What are federal funds? They are the money that is taken in taxes from dad who is sending the kid to college. There is no such thing as federal funds. There is no such thing as state funds. It is the money of the people taken by the government to use for governmental activities.

Do you think that it is wise to have any restrictions on the spending by government of the people's money? If you do, defeat this amendment. Perhaps it might help you a little bit to



know—to help you have some insight as to how easy it is to spend other peoples' money—one of our fine universities has just built a brand new campus in the southwestern part of the state. Recently we had some vandalism out there; some kids took either BB guns or pellet rifles and put some BB holes in nineteen tinted glass windows in the new building. Would any of you care to guess how much—I am sorry, it was sixteen tinted glass windows. Well, I won't ask you to estimate what it is going to cost to replace those tinted glass windows; I'll tell you—49,000 greenies. For sixteen windows. That's how easy it is to spend the other guy's money; and that's why the Revenue Committee, after six or seven months, came out with the proposal that you now find in your book and that this amendment is trying to destroy. I'd urge that you vote against the amendment.

VICE-PRESIDENT LYONS: Delegate Borek?

MR. BOREK: Thank you, Mr. President and ladies and gentlemen. I am glad that the distinguished delegate from Chicago, Delegate Stahl, removed his name from this amendment, because I can now tell you that every one of these proposers are the same people who yesterday voted for no ceiling on income tax.

I am telling you something. I disagree with them. The city of Chicago disagrees with them. The people of the state of Illinois disagree with them. I urge you—I urge you to vote this amendment down. Thank you.

VICE-PRESIDENT LYONS: Delegate Garrison?

MR. GARRISON: Mr. Vice-President and fellow delegates, I had hoped that on this Sabbath I could be contented to sit here without having to say anything all afternoon, but this particular amendment compels me otherwise.

The present constitution provides for a debt limit of \$250,000. Everyone knows that's ridiculous. I think every member of the Revenue and Finance Committee wanted to see that changed; but the action taken by this Convention thus far—and particularly yesterday and reported in the morning *Chicago Tribune* and other major newspapers throughout this state—makes it pretty obvious that we are going to retain the present debt limit of \$250,000. (Laughter and applause)

So I don't know why I should waste a great deal of time discussing it. However, I am in favor of changing that debt limit, and the distinguished Delegates Downen and Durr joined me in a dissent which is set forth in the Revenue Committee report on pages 124 through 128.

In that dissent we cite a number of the leading authorities throughout the nation on debt, and we point out that where you remove a debt limit and leave it a simple majority of the legislature, even where there are extraordinary majorities, it results in the encouragement of loose spending practices.

We document that with statistics from the Advisory Commission on Intergovernmental Relations. We give you the citations; we don't hide them. In fact, we quote Frank Landers, one of the distinguished directors of the Budget Division of Michigan, a neighboring state. And he points out, and I quote him, "It is not difficult to find situations where the existence of constitutional barriers prevented runaway borrowing and presumably wasteful expenditures." Close quote. That is in a book edited by the learned Professor Brooks Graves in 1967.

I won't take up any more time because I sense what this

Convention is going to do with this amendment. It is going to defeat it. And if we were wise, we would reconsider some of the actions we have taken thus far with respect to taxes, and we would thereby insure that we might get voter approval of a constitution which would permit the removal of the \$250,000 debt limit. If we don't, that's the one we are going to be stuck with. I urge you to vote down this amendment.

VICE-PRESIDENT LYONS: Delegate Mullen?

MRS. MULLEN: Thank you, Mr. Vice-President. Fellow delegates, I think we've got to resolve, sometime before this Convention ends, a rather basic question. Are we writing a constitution for the people of the state of Illinois or are we writing one to rebut every headline that appears in every newspaper? Especially when some of the newspaper writers are seldom in attendance and are the same group that have published such factual material that we not only get a per diem but we get \$1,000 a month. I suggest their headlines are just as accurate, and so are their stories on our local government provisions.

I don't propose to shy away from actual problems. I am not running for office and most of us are not. We have the future of our state and our local governments at stake, and it is much too important to worry about today's or tomorrow's headlines, especially inaccurate ones.

What kind of protection are we giving the voters? Those of you who talk the most about trusting voters, don't trust them at all! You don't give them the credit for having any sense. What kind of a protection is 5 percent or a 2-1/2 percent limit on the income tax? If the government needs money for the very services the poorest of people demand, then what happens? They take away the exemptions from the income tax, which thrusts the burden right on them. This is what your unrealistic ceilings do to them.

What do your debt limitation and your restrictive measures mean? They mean that the government goes out and borrows money on such lovely schemes as building authorities or highway authorities, whose debt does not appear in the *Budget*, and they pay exorbitant interest which is apt to cost the state and its citizens far more than the original debt.

If you will take a look at the finance proposal which our Revenue Committee has suggested, we are requiring that all debt be face-up on the table. And I suggest to you, however it is incurred—with or without limitations—however it is incurred by the legislature and proposed by any governor, that it will appear in the future in full in the *Budget*, and the citizens can judge for themselves whether the state is being run correctly or not. Let's not rely on such foolish kinds of limitations and artificial protections as though the citizens cannot make up their minds for themselves.

I support the Netsch amendment—or whatever name we are going under at the moment—and I do not shy from it one bit. Thank you. (Applause)

VICE-PRESIDENT LYONS: Delegate Parkhurst?

VOICES: Question.

MR. PARKHURST: Thank you, Mr. Vice-President. I will be very brief. The philosophy of this thing is one thing; the factual situation we are confronted with in the state of Illinois is another thing. I would not want to leave the impression on this floor in this debate that somehow the Netsch amend-



## VERBATIM TRANSCRIPT OF AUGUST 9, 1970

3853

ment—or any proposal before us—would be a proposal to remove a present debt ceiling or limit that has been imposed by the legislature or the constitution.

The fact of the matter is that simply is not true. The state of Illinois now through the device of the Illinois Building Authority has created a system, as you all know, I am sure, which provides for unlimited debt at the state level.

We now have about \$1,000,000,000 worth of authorized debt—or more than that, I think—authorized by the General Assembly by a majority vote, passed along to the Illinois Building Authority, and said, “Here. You build the junior colleges. You build the buildings for higher education. You build the buildings for mental health. You build it all.” And we authorize in that legislature—without knowing anything about the need, without knowing anything about the specifics, because it is recommended by the Junior College Board or it is recommended by the Board of Higher Education, or it is recommended by the Board of Mental Health Commissioners—billions of dollars worth of debt on a simple majority vote and a laundry list in every session of the legislature.

Now, what is the result of all that? The result of all that is that there is no limit on state debt. We all know that. There isn’t any limit on state debt. There isn’t even any responsibility in the General Assembly, really, for incurring that state debt; and the net result of it all is, this device—this ring-around-the-rose business—of using the Illinois Building Authority to build everything costs the taxpayers, whom we all want to protect in this Convention in some small way, millions of dollars a year in interest that is unnecessary, because if the General Assembly could forthrightly issue general obligation bonds with the same majority vote that they now do it surreptitiously, they could save millions of dollars of interest, because the rate of interest on revenue bonds is about 1 percent higher than general obligation bonds.

So don’t kid yourself one bit that the Netsch proposal isn’t a good thing for the taxpayers. It would be. I am a conservative Republican from Peoria, Illinois, and I’ve been in that legislature, and I know that this would save millions of dollars to the taxpayers, and it would impose a limit in the form of responsible action by the General Assembly, which does not now exist.

I am not going to vote for the Netsch amendment. I am not going to vote for it, because I don’t think the present system is any good. I don’t think the restrictive nature of the proposal of the Revenue Committee is any good either. It is too tight. We’ve got to get somewhere in between. The Netsch amendment is one step toward a solution. I don’t think it goes far enough because it is not quite restrictive enough. But believe you me, it’s not bad! It’s better than you got now!

VICE-PRESIDENT LYONS: Delegate Elbert Smith?

VICE-PRESIDENT SMITH: Mr. President, may I inquire, regardless of the outcome of the Netsch amendment, is it expected that the Mathias amendment will be offered, Mr. Mathias?

MR. MATHIAS: Yes.

VICE-PRESIDENT SMITH: With that understanding I would request to be put on the list to be heard on the Mathias amendment, and I waive.

VICE-PRESIDENT LYONS: Thank you, Delegate Smith. Delegate Maurice Scott?

MR. SCOTT: Mr. Vice-President and delegates, to save time, put me on the Mathias speech for his amendment. I ditto the remarks of Delegate Smith.

VICE-PRESIDENT LYONS: Delegate Kenney?

MR. KENNEY: Thank you, Mr. Vice-President. I rise a second time only because my name was mentioned by another debater, and thus I rise on a point of personal privilege. I would like to second the comments made by my dear friend, Net Mullen in pointing out the inadvisability of overreacting to the newspapers. I was almost moved, ladies and gentlemen, to bring in a motion this morning to make the *Chicago Tribune* our official gazette, after hearing the many compliments paid to its perception.

I also recall Mal Kamin’s words when he delivered a splendid poem to us suggesting that the ghost of Joe Medill would now haunt only the Tribune Tower, which apparently is somewhat haunted.

But my main purpose in rising is to point out that Delegate Durr exposed us to some logical flaws, and I am sure he would now wish—I am sure this was inadvertent and he would not wish us to be misled by those logical flaws, so I wish to offer a correction. He equated the voluntary payment of dormitory rental, which finances the retirement of bonds often, with the nonvoluntary payment of taxes, and it is clear there is a great difference; and I am sure he didn’t want to mislead us in that fashion.

Let me point out in that connection that the purpose of seeking low interest money for the construction of needed facilities is to reduce the charges the students or other users might have to pay. I am certain that Delegate Durr as a parent, and as a friend of other parents, is most anxious to have such charges reduced.

PRESIDENT WITWER (Having resumed the Chair): I guess, Mr. Durr, you have a right to respond.

MR. DURR: Thank you, Mr. President. I suppose that if you say that you don’t need to live in shelter—you can stay on the lawn—why then living and paying shelter payments would be voluntary—assuming that the authorities would permit you to live out on the quadrangle.

The argument that I just heard seems to say that somehow or another you can get free money—that if you get low-cost federal money it doesn’t cost anybody anything. There is no such thing as something for nothing, and it seems to me that it is time we figured that out. The people of this state have already figured it out. They know it, and they are going to vote on this thing.

I just wanted to say that Delegate Mullen and I agree entirely on our philosophy—trust the people—but we part company on what goal that leads us to. When I say trust the people, that leads me to the notion of supporting a debt limitation that can be superseded by a majority vote of those people whom we trust.

And if you have any doubt that the people are willing to impose taxes on themselves when they determine that the taxes are appropriate, I would call your attention to the August, 1970, publication of the *Illinois Public Official*, a copy of which I suspect you all got. On page 3 there is a little note saying, “Here’s news around Illinois.” Peoria—voters passed a referendum to levy a tax for mass transit; Glenwood—ele-



mentary school district voters approved a \$500,000 bond issue; Skokie—increase in library fund approved; Wheaton—\$1,400,000 in bonds for sewage treatment carried; Lincolnshire—elementary school district passed a bond issue of \$1,300,000; Virginia—community school unit passed a \$740,000 bond issue; Bloomingdale—elementary school district okayed \$480,000 to finance an addition; North Palos—approved a \$160,000 school bond; and finally, Chicago—a number of vitally interested precincts in the downtown area voted for the demolition of the Loop railway and to replace it with a special subway system to cost \$600,000,000.

PRESIDENT WITWER: Mr. Durr, may I interrupt? You were recognized on a matter of privilege.

MR. DURR: Thank you. I am through.

PRESIDENT WITWER: You have spoken before, and therefore you would be violating the rules to debate further beyond the privilege statement. Mr. Bottino?

MR. BOTTINO: Mr. President and fellow delegates, I apologize, in part, for arising and taking of the Convention's time. Delegate Art Lennon has certainly expressed, I think, the feeling of the district that we represent. I would just like to say, from what experience I have had in government at the state and local level, that the statement of Delegate Elward is telling it as it is. Governmental bodies will spend all they can get their hands on.

With all due respect to the theorists who submit amendments and proposals of this sort, I think the interests of the people of the state—and too, our government—demand that we vote down amendments such as this; and I would support either the amendment that is to follow or the committee report.

PRESIDENT WITWER: Thank you. Now we have quite a few on the list unless people would like to waive. Are we anywhere near close to getting to vote?

VOICES: Question.

PRESIDENT WITWER: The question has been called. Now we will keep going. We will leave it in the good judgment of the people on the list. Mrs. Netsch, are you standing for the summation? We'll hope to get to you very shortly. Mr. Thompson do you wish to speak on this amendment or the next one?

MR. THOMPSON: I'll go to the next one. Put me on the list for the next one.

PRESIDENT WITWER: All right. Mr. Gertz, this one or the next one?

MR. GERTZ: Mr. President, very briefly, I seem to be the only delegate not gifted with a sense of prophecy. I don't know how the people are going to vote for the constitution we produce. Being an incurable optimist, I hope for the best.

I think as a matter of principle I would like a much simpler revenue article than we are presented with, but as a matter of expediency—knowing the spirit of the times—I don't think we can afford the kind of unrestricted debt provision proposed to us; and I would much prefer one like the present one or, preferably, one like the one that is going to be proposed.

And while I respect the principle set forth by Mrs. Netsch and others, I think we would be much better advised to vote for a somewhat restrictive provision.

PRESIDENT WITWER: Thank you. Does Mr. Bran-

nen wish to be heard, or do you waive, Mr. Brannen? Mr. Brannen waives. Mr. Meek?

MR. MEEK: No, the next one.

PRESIDENT WITWER: The next one, Mr. Meek. Mr. Foster? On this one or the next one, Mr. Foster?

MR. FOSTER: On this one, Mr. President.

PRESIDENT WITWER: Thank you.

MR. FOSTER: I can only urge my fellow members to make the decision that's before them, which is whether the Netsch amendment is better than the committee recommendation. It may be that something better will come along and we can decide between that and whatever comes out of this vote; but I think that to vote down an issue in the hope that something better will come along is unrealistic. We have to make these decisions one step at a time.

Both Mrs. Mullen and Mr. Parkhurst have convinced me that the Netsch amendment is better than what we have, so I am going to vote for it. Maybe I'll vote for the Mathias amendment when it comes along, but I don't see that anyone should vote down the better of two issues in the hopes that something else is going to come down the track.

PRESIDENT WITWER: Thank you. Mr. Whalen?

MR. WHALEN: Mr. President, fellow delegates, I favor the Netsch amendment. Throughout this Convention we have repeatedly analogized the work of businesses to the work of government, and I think that at no time is that analogy more appropriate than now. It would be ludicrous to suggest that a business should operate with the kind of debt restrictions which we currently have adopted on first reading. Indeed, I know of no business that does not rely as a matter of sound economic policy on a reasonable debt structure, but the majority report as adopted simply doesn't allow for that. I suppose the only exception to that may be Hershey's Chocolate. I know that even General Motors has a sound and reasonable debt structure.

The only way to limit debt, in my experience, is through very careful drafting—through realizing the possible loopholes and trying to fill them. This is what we do in corporate law when we write an indenture and when we write very restrictive debt restrictions.

When I mentioned yesterday this section—section 9 of the majority report—I said in a way it resembled an indenture with its debt restrictions, but the fact of the matter is it simply doesn't. It's simply full of the same kind of loopholes as we have in the 1870 Constitution.

The only reasonable way to make capital investment, it seems to me, is to amortize that investment over the useful life of the capital investment. We don't do it with the kind of provision in the majority report.

There is the added restriction, it seems to me—

PRESIDENT WITWER: Mr. Whalen, may I interrupt? Will the Convention come to order so that Mr. Whalen's remarks may be heard by the delegates?

MR. WHALEN: Any debt instrument which is offered by the state is naturally limited by the market place, and in that way there are the kind of restrictions in the market place which businesses rely upon and which the state should rely upon in offering its debt. That kind of restriction is an ample restriction; it restricts business.



## VERBATIM TRANSCRIPT OF AUGUST 9, 1970

3855

But by offering this debt restriction it seems to me what we are forcing the government to do is to resort to gimmickery, to get around the restriction. So what we are offering in lieu of legislative control, which the Netsch amendment offers, is forcing government to gimmickery to achieve investment for capital expenditures that can be amortized over the useful life.

I don't think that the alternative to the existing provision—the Netsch provision—is unrestricted debt. There is sound legislative control; there is market place control. That makes sense. It makes business sense. Therefore, I urge you to adopt the Netsch amendment.

**PRESIDENT WITWER:** Thank you. I guess we are ready now. Mrs. Netsch, before you sum up I will ask the committee—anything further? The committee waives. Mrs. Netsch?

**VOICES:** Roll call.

**MRS. NETSCH:** Thank you, Mr. President. In view of the fact that most of my co-sponsors have taken a powder on the amendment, I don't have any great expectation that it is going to be adopted by this Convention.

I would like, however, to take my summation time to make one or two points. I think many of you have greatly misunderstood the motivation of those of us who sponsored this amendment. I, for one, do not believe in debt financing at the state level. I have been violently opposed to devices such as the Illinois Building Authority and almost every other form of debt financing. I much prefer for the state to pay for things as it goes, and I can do this, of course, because I also believe the state should have the courage to adopt the tax structure that will give it the money so that it can pay for things as it goes.

But it is economic conservatives, such as John Parkhurst, who have persuaded me over a period of years that there are some projects for which it is not appropriate to pay as you go. There are some projects which need to be financed on a debt basis.

I have finally learned that lesson from economic conservatives, and so I concede there must be some provisions for debt financing at the state level.

Now, secondly—and Mr. Parkhurst helped greatly by, I think, making this point initially—Mr. Elward, you are dead wrong that this has liberalized the debt structure of the state. The state has no debt limit at the present time. Mr. Parkhurst made this point. I will repeat the point. The state has *no* debt limit—*no effective* debt limit—at the present time.

We have found all forms that we can resort to in order to allow the state to incur such debt as a bare majority of the General Assembly chooses to incur. Every one of those forms has cost us millions of dollars extra, more than it would if we had been able to incur debt in a reasonable manner, that is, by the use of general obligation bonds and by majority vote of the General Assembly.

I should emphasize also that the \$1,300,000,000 worth of debt that the state of Illinois has outstanding at the present moment has all been incurred by a majority vote of the General Assembly, and only a small fraction of that, less than—approximately \$250,000,000 of that entire \$1,300,000,000 involved a referendum approval. All of the rest of it went by straight majority vote of the General Assembly.

There is no debt limit right now. What our committee

wanted to do—what I thoroughly agree with—is to bring all debt under the constitution, to make it impossible—as impossible as the words that we develop will make—for the General Assembly to devise these building authorities and other forms of avoiding constitutional restriction.

But if we make the standard too restrictive for incurring debt, particularly when we have brought all forms of debt under this constitutional provision, then we will not have succeeded in doing what we want to do. If it is too restrictive and if the General Assembly wants to resort to debt, it will still find a way to do it.

All we are saying is that the pattern has been that way from the beginning of time in every state in this country. Why not face it realistically and put the burden where it belongs—on a majority of the elected representatives of the people of the state. Thank you.

**PRESIDENT WITWER:** Thank you. Now are we ready on the Netsch amendment? Do you desire a division?

**VOICES:** Roll call.

**PRESIDENT WITWER:** Request for a roll call. How many desire a roll call? More than ten have requested a roll call on the Netsch amendment, and so we will proceed in that manner.

Now, on the roll call, those who will favor the Netsch amendment which is to substitute subsection (d)—substitute the language proposed for subsection (d)—as it is before us, will vote yes, and those who are opposed to the Netsch amendment and do not favor the substitution of the new subsection (d) would vote no. So, Mr. Clerk, will you now call the roll on the Netsch amendment.

(Whereupon, the roll was called by the clerk)

## Those voting in the affirmative were:

Alexander	Foster	Ladd	Smith, R.
Anderson	Green	Leahy	Weisberg
Brannen	Howard	Lennon, W.	Wenum
Canfield	Johnson	Meck	Whalen
Cicero	Karns	Mullen	Willer
Dove	Keegan	Netsch	Witwer
Evans	Kenney	Raby	Woods
Fogal			

Ayes—29

## Those voting in the negative were:

Armstrong	Garrison	Lyons	Pughsley
Arrigo	Gertz	Macdonald	Rachunas
Borek	Gierach	Madigan	Rigney
Bottino	Hendren	Marolda	Rosewell
Buford	Hunter	Martin	Scott
Butler	Jaskula	McCracken	Sharpe
Carey	Jenison	Miller	Shuman
Coleman	Johnsen	Miska	Smith, E.
Connor	Kamin	Nicholson	Stahl
Cooper	Kelleghan	Nudelman	Stemberk
Daley	Kemp	Orlando	Strunk
Davis	Kinney	Ozinga	Thompson
Downen	Klaus	Pappas	Tomei
Durr	Knuppel	Parker, C.	Tuchow

Dvorak	Laurino	Parker, J.	Wilson
Elward	Lennon, A.	Parkhurst	Wymore
Fay	Leon	Patch	Yordy
Fennoy	Lewis	Peccarelli	Young
Friedrich	Linn	Peterson	Zeglis

Nays—76

Those voting "pass":

Dunn	Mathias	Reum	Tecson
Lawlor	Perona		

"Pass"—6

**PRESIDENT WITWER:** The Netsch amendment failed. The vote was yea, twenty-nine; nay, seventy-six; and six members passed.

Now, I believe there is an amendment pending—Mr. Mathias, and a group of co-sponsors: Will you read it, please, Mr. Clerk?

**CLERK:** Amend section 9 on pages 4 and 5 by deleting the entire section and substituting the following language:

Section 9—"State Debt."

(a) No state debt shall be incurred except as provided in this section. For the purposes of this section, 'state debt' means bonds or other evidences of indebtedness of the state, every department, authority, public corporation and quasi-public corporation of the state, every state college and university, and every other public agency created by the state which are secured by the full faith and credit of the state or by specific tax revenue; but does not include obligations of units of local government or school districts.

(b) State debt for specific purposes may be incurred or the payment of state or other debt guaranteed in such amounts as may be provided either in a law passed by the vote of three-fifths of all the members of each house of the General Assembly or in a law approved by a majority of the electors voting on the question at the next general election following passage. Any law providing for the incurring of debt shall set forth the specific purposes and the manner of repayment.

(c) State debt in anticipation of revenues to be collected in a fiscal year may be incurred by law in an amount not exceeding 5 percent of the state's appropriations for that fiscal year. Such debt shall be retired from the revenues realized in that fiscal year.

(d) State debt may be incurred by law to meet deficits caused by emergencies or failures of revenue. Such law shall provide that the debt be repaid within one year of the date it is incurred.

(e) The state, departments, authorities, public corporations and quasi-public corporations of the state, the state colleges and universities, and other public agencies created by the state may issue bonds or other evidence of indebtedness which are not secured by the full faith and credit of the state nor by specific tax revenue for such purposes and in such amounts as may be authorized by law.

(f) Nothing in this section shall be construed to

limit or impair the power to incur debt for the purpose of refunding outstanding debt if such refunding debt matures within the term of the original debt, or to issue bonds or other evidences of indebtedness authorized at the time this section is adopted.

**PRESIDENT WITWER:** Thank you. Is there a second? Who seconds? Mr. Meek. Now, if you will proceed, Mr. Mathias?

**MR. MATHIAS:** Mr. President and fellow delegates, this is a complete substitution. I think I could save you time, maybe, if you are comparing it with the committee draft, if I would point out the way in which this is changed from the committee draft.

First, in section 9(a)—the first paragraph (a)—we have written together the definition of "state" and "debt" to provide for "state debt"; and we have limited state debt to debt that is secured by the full faith and credit of the state or by a specific tax revenue.

We have eliminated the words "or nontax revenue" from the end of the section, so that this state debt then applies to the debt of all of these enumerated agencies which is secured by the full faith and credit of the state or by specific tax revenues.

In paragraph (b), this is the same as paragraph (d), with the exception I will state, of the committee draft. It seems to us that the main provision—the principal provision—of this paragraph is subparagraph (d); and just as a matter of drafting, we thought that that probably should come as paragraph (b) rather than at the end of the section. But the change is, we have changed the "two-thirds" to "three-fifths"—the vote of the General Assembly—and the Style and Drafting and as originally adopted on first reading required a two-thirds' vote of the legislature. This would require a three-fifths' vote of the legislature.

And then, just editorially, on the last line of the amendment Mr. Brannen's change was accepted the other day and he wrote in the "incurring or guaranteeing," and we would take that. We would just editorially insert "incurring or guaranteeing" of debt.

The next two paragraphs—the (c) and (d)—are the same as (b) and (c); they are merely relettered. They are identical with the language of the committee draft; (b) and (c) have just been relettered to (c) and (d).

The paragraph (e) is new and refers to revenue bonds—bonds that are payable from non-tax revenue; and paragraph (f) is new.

Now, with that explanation of the changes, I should like to go back and talk briefly about the provisions.

**PRESIDENT WITWER:** Thank you. Will you proceed?

**MR. MATHIAS:** Many—we are all familiar with the provisions of our present constitution and in view of the discussion we have just had, we have referred to the restrictions under the present constitution—the \$250,000 debt limitation—which, as has very well been pointed out, is not at all a debt limitation. Now, the General Assembly, as has been pointed out in the debate on the previous amendment can authorize and has authorized very substantial amounts of debt by a majority vote of the General Assembly, through the use of the Illinois Building Authority and other agencies.



## VERBATIM TRANSCRIPT OF AUGUST 9, 1970

3857

So to talk about going back to the 1870 Constitution—the \$250,000 debt limitation—I think we just have to recognize that's a fiction; and while it is in the language, actually it has very little effect. We know that by majority vote the legislature can declare a project in the public interest, and then the rentals are forthcoming to pay and retire the principal and interest on those bonds; and we also know that there are substantially higher costs going that way.

The committee recognized this, and they kept the provision that debt could be incurred by a majority vote of the General Assembly and submitted to referendum which has not been changed in this draft.

As I pointed out in subsection (b), the change is, instead of requiring a two-thirds' vote of each house of the General Assembly, we would permit debt to be authorized by a three-fifths' vote. Mr. Coleman, earlier in his discussion on the earlier amendment, pointed out that probably it is too harsh; the requirement is too great under the present constitution.

In the debates that we have had on other proposals before the Convention, it has been pointed out how difficult it is to secure a three-fifths' vote in each house of the General Assembly; and in the suffrage provisions—the amendment provisions—provisions with respect to passing bills over veto, provisions for accelerating the effective date of emergency legislation, and in local government and so on, we have generally changed the two-thirds' to a three-fifths' vote; and that's what we are proposing here—that the two-thirds' vote requirement be changed to a three-fifths' vote requirement.

It would make it possible to get indebtedness approved by the General Assembly, although it would be very difficult; and this two-thirds' vote, then, would apply only to full faith and credit obligations or obligations that are secured by specific tax revenue under the language of the committee.

As I said, there is no change with respect to anticipation of revenues under subparagraph (c) or under (d), debt incurred to meet deficits in emergency situations or failures of the revenues.

With respect to (e), this section—or paragraph—refers to all of the agencies that are enumerated in the definition, but it says that they may issue bonds or other evidences of indebtedness which are not secured by the full faith and credit of the state nor by specific tax revenue for such purposes and in such amounts as may be authorized by law. In other words, the effect of that is to permit these revenue bonds—revenue obligations—to be incurred by a majority vote in the General Assembly.

Reference has been made to the fact that we have had student housing; we have public housing, under the Public Housing Law; we have had the Toll Road Authority; other agencies that have been authorized to issue bonds—incur indebtedness—and the General Assembly has authorized it; and quite often, as has been reported, these agencies have gone ahead without any report back to the General Assembly.

Here they can issue it in such amounts and for such purposes as is authorized by law. The General Assembly can give a general authorization or they can require specific authorization in each instance, as they would wish.

In the last paragraph, the (f) provides that nothing in this section shall be construed to limit or impair the power to incur

debt for the purpose of refunding outstanding debt, if such refunding debt matures within the term of the original debt.

All of us know that we have had bonds issued within recent years at very high rates of interest. Hopefully, those interest rates are going to come down some of these times, and if there are not restrictions in the indenture, then it would be possible to refund these debts, as it matures within the period of the original debt.

And the last provision—that this does not apply to bonds or other evidences of indebtedness authorized at the time this section is adopted.

We do have unexpended amounts in bond issues that have been approved previously prior to this time, and at each session of the General Assembly we come in with appropriations from the proceeds of those previous bond issues, and these appropriations would still have to be made by the General Assembly; but it would only require the vote that's required for the appropriation. There would not be any requirement for going back and getting your provision with reference to the issuance of debt.

We think that this is constructive; we think that it does give the General Assembly power over the issuance of debt; and we think that it will make it possible to incur indebtedness—keep the state functioning—and we will get away from some of the subterfuges and devious means that have been made to authorize debt before, and would ask the support on this amendment.

**PRESIDENT WITWER:** Thank you, Mr. Mathias. Mr. Parkhurst?

**MR. PARKHURST:** Mr. Mathias, I want to make sure what your intent is on the matter of the Illinois Building Authority and other similar authorities; and then I want to make sure that we carry out that intent in the proposed constitutional language.

Now, with that object in mind, let me first ask you, is it your intent that Illinois Building Authority bonds, as we now know and understand them, would be included in section 9(b) and would require a three-fifths' vote before they could be authorized or issued?

**PRESIDENT WITWER:** Mr. Mathias?

**MR. MATHIAS:** The provision with reference to debt that is required to have a three-fifths' vote is full faith and credit or by specific tax revenues—

**MR. PARKHURST:** I know it. I read that.

**MR. MATHIAS:** —and I think the committee intended that. I'd ask Mr. Karns to explain the intention of the committee. We are not changing that, but I think it would require a three-fifths' vote on the Illinois Building Authority; and if that requirement is there, I would see no reason really to continue the Illinois Building Authority. I think that the state could authorize the issuance of the bonds and some agency to go ahead straight—on a straightforward basis.

**MR. PARKHURST:** Now, the reason for my inquiry is because I have read the definition, and I have noted the use of the words "or by specific tax revenue."

**MR. MATHIAS:** Yes.

**MR. PARKHURST:** Now my question is this: I gather that your answer on the intent is that yes, you do intend to include the IBA in (b) which would take a three-fifths' vote be-



fore you could issue an IBA bond.

Now, the question—no, I am talking to Mathias, Jack—the question I have is, do you really say that in your language? Do you get that intent across? Because the words “by specific tax revenue” is, I gather, the clause that is supposed to cover the IBA.

I would point out to you that the IBA—the Illinois Building Authority—is not funded by any source of specific tax revenue. You have to pay the bonds a rental figure in a line item in the appropriation from each particular agency or department or school or whatever that rents the building. And the rental figure is a line-item appropriation, but it is not—it is not—a specified tax revenue. It comes out of the general fund that’s available—the general appropriation that’s available—to that particular agency or department.

So I question, first of all, whether the use of the words “or by specific tax revenue” really says what you want it to say, because the Illinois Building Authority is not secured by any specific tax revenue. It’s merely an appropriation to pay rent every year. That’s not specific tax revenue, and more than personal services or contingencies or any other item—line item.

**PRESIDENT WITWER:** Will you permit Mr. Mathias in answer the question?

**MR. PARKHURST:** All right.

**MR. MATHIAS:** Well, I did not want to get into an argument with the Revenue Committee as to what they intended by “specific tax revenue.” From their report and the people on the committee that aided in drafting this, they thought that when they said “specific tax revenue” they were really referring to bonds that were payable from tax revenues, rather than a specific named tax. I think that’s what the intention was, was it not, Mr. Karns?

**PRESIDENT WITWER:** Mr. Karns?

**MR. KARNS:** Yes, that’s the intent, and I think many of us realize that perhaps the expression is not, perhaps, as precise as it might be. We would, I am sure, accept some suggestion from Style and Drafting.

**MR. MATHIAS:** Well, with that understanding, I think Style and Drafting, if they think that should be changed, could make a change.

**PRESIDENT WITWER:** Thank you, if you—

**MR. PARKHURST:** Yes, I have no specific words to offer. I just wanted to offer the thought that we probably haven’t said here what we want to say; and Delegate Elward, who just came and spoke to me, concurs that we certainly haven’t; and therefore, we’d better get it down, but we’ll do it—good old SDS can take care of that. That’s not really germane to your point, I realize that, Delegate Mathias.

**PRESIDENT WITWER:** Thank you. Mr. E. Smith? Vice-President Smith?

**VICE-PRESIDENT SMITH:** Mr. President, fellow delegates, I arise in support of the pending amendment and pay my sincere respects to Delegate Mathias and his cosponsors, Stanley Johnson, Frank Cicero, Henry Green, Maurice Scott, Lester Buford, John Karns, David Stahl, and Donald Zeglis, who have joined in producing what to me is a very sound answer to the debt phase of our troublesome revenue article.

There are those among us who campaigned for a more flexible revenue article; there are many among our citizens who have been long disturbed about the inflexibility of the 1870 article on revenue—the difficulties that have been occasioned thereby; and there are likewise those among us and those among our citizens who, no doubt, in all sincerity would like to see this Convention put on restraints equal to or even more than those of 1870. That is a genuine and bona fide difference in viewpoint, I take it, about the operation of our system of self-government.

In the words of our Delegate James Kemp, may I just review the bidding somewhat? It has been said that governmental bodies will find a way to spend all money that is available, and statements to that effect that by innuendo at least, if not explicitly, seem to cast doubts—reservations—about the wisdom, the prudence, of governors and legislative bodies—and, indeed, mayors and city councils and perhaps presidents and congresses—in respect to the utilization of public funds, the raising of public funds through taxation, and through the borrowing of money and other means—I respectfully submit that that is just really not the case.

If to be comfortable we must have a whipping boy for the tax load that we have—and just in passing I might say that the state of Illinois opened for business in 1818; 130 years later, in 1949, we had gone to a biennial two-year budget of \$1,000,000,000. I think in the ensuing twenty years we have come to some \$6,000,000,000 or so. So, of course, it has been a rapidly rising budget, a rapidly rising inflow of revenues from taxation and other sources, and a rapidly rising outgo of public funds and public monies.

And that may or may not be a parallel to the experience of our private purses and our private businesses and our churches and our United Funds; but in the main, I think it is approximately equivalent to our society in general and approximately equivalent to the experiences of our sister states.

And again, as I said, if we must have a whipping boy, I think we’d look not at Governor Altgeld or Governor Small or Governor Stevenson or Governor Ogilvie or any political leader. We can look at the state of Massachusetts, to Horace Mann, who sold the people of America on the idea that children should be educated in terms of their ability to learn, not their parents’ ability to pay—a sound idea, to be sure, and one that we all embrace.

We can look to the state of Michigan, to a man by the name of Henry Ford, who envisioned that we could move our people and our goods by self-propelled motor vehicles, and hence imposing upon society a great burden for highways and bridges and traffic devices and parking facilities and the many things attendant to the motor vehicle.

And we could even look to California to Dr. Townsend who had a good deal to say some twenty-five years ago about public assistance to the elderly citizens who had passed from the stream of conventional earning into a state of retirement; and we have adopted a broad system of welfare, not only in Illinois, but throughout the nation.

These are the things that have called for great monies and great taxes; and a good, sound, flexible constitution will permit the legislatures of the future to deal with these problems.

Let us reflect very briefly on 1870. The University of Illi-



## VERBATIM TRANSCRIPT OF AUGUST 9, 1970

3859

nois was three years old, having been established in 1867 under the Morrell Act signed into law by President Lincoln; Illinois State Normal was somewhat older; Illinois College, an esteemed private school at Jacksonville, was somewhat older; and that was about the size of higher education in Illinois in 1870.

There were vast numbers of people not served by high schools, and some considerable number not served by elementary schools. We had no motor vehicles, and to be sure, no problems of airports and many of the problems that we have today, that those good people in 1870 could not possibly foresee. And indeed, there must be things that are yet to come that we cannot possibly foresee today here.

Now, this proposal has broken debt into two parts and two kinds, general obligations of the state of Illinois and what are commonly known as revenue bonds. It has further made provisions for temporary, short-term, under-one-year emergency borrowing power.

Now, I think, for those who like restrictions—and even for those that don't—I should concur and I do concur with the findings of this committee that in terms of general obligation bonds to be paid over a long period of time, the people by referendum, or at least by an extraordinary majority of the legislature, should approve those bonds, because that is putting a burden on a generation yet to come.

There are times and places that long-term bonded indebtedness is called for. Two instances come readily to mind. One was back in the twenties when it became necessary to pave our roads across the length and breadth of the state of Illinois all at one time, and those roads were going to last a long time, and we had the highway bond issues which were approved by referendum—at a referendum by the people—and have long since been retired. And with the full faith and credit of this great state behind those bonds, they were sold at very low interest rates, 1-1/2 to 2 percent below the going rates at the time. It was never necessary to levy a state property tax to retire those bonds, but it was always there.

It was a good deal like mortgaging your house to assure the payment of your note to a bank or a savings and loan company. Most people pay their debts through their ordinary course of income and in accordance with the terms and tenor thereof; but in the event they cannot, why their security stands behind it, and for that reason lenders can safely extend credit and do it at lower and more favorable rates of interest.

At the close of World War II we had in this state a vast number of returned servicemen, and the people wanted to pay them a soldiers' and sailors' bonus and went to the polls and at a referendum voted to do that on a one-time basis; and money was borrowed for that purpose, and that bonus was paid, and I think that is about retired by now.

Now there were sources of revenue not available in 1870—unavailable and unheard of—the pari mutuel tax, the motor fuel tax, the motor vehicle license fees—these things are taken into account. Insofar as debt is concerned, there is adequate restriction for those that want some restrictions in the constitution. These are good, sound, solid restrictions, and they do not impair the necessary flexibility that is called for by so many to permit our state to go forward as it should.

Now, this is the kind of solution I think we look for, and

here we have one at hand. Again, I commend these sponsors, and with great pleasure I support the adoption of the Mathias amendment. Thank you.

PRESIDENT WITWER: Thank you. Mr. Scott?

MR. SCOTT: Mr. President and delegates, Delegate Smith has said some of the things I was going to say, but briefly, I call attention to (a)—and I don't want my legislative friends, Delegates Elward and Arrigo, and former members to feel hurt, because I have great respect for the legislature, as you well know, and having served here for eight months, I have even greater respect—but I think that number (a) as rewritten, or as it was originally with a little lesser vote, is very good, because it will prevent log-rolling to a certain extent, if the legislature wants to go it on its own by the three-fifths' vote. On the big issues, I foresee the legislature passing those by a majority vote and going to a referendum of the people.

Now, number (e) takes care of the situation that Delegate Kenney was talking about which will allow the state colleges and institutions of higher learning to go ahead and build the dormitories and so forth and retire those bonds out of students' fees and rentals, et cetera.

But the third point that hasn't been emphasized very much—this has great weight—is the item called (f). Here it provides for the refunding of outstanding debt, and that is very important, because we are living in times of high interest rates—8 and 9 percent. Now when those interest rates go down, it will allow an agreement to be made to refund those bonds at lower interest rates, and this is a great help to the taxpayers. During the Depression days we had put into the State School Code such a statute for the schools of our state, and this has meant much to them.

So I thoroughly support this amendment offered by Delegate Mathias. Thank you.

PRESIDENT WITWER: Thank you. Are there any who would speak against the amendment? Yes—against the amendment. I am talking about the substituted motion.

MR. FRIEDRICH: I have an amendment to the amendment.

PRESIDENT WITWER: You have an amendment to the amendment?

MR. FRIEDRICH: Yes, sir.

PRESIDENT WITWER: All right, we'll receive it.

MR. FRIEDRICH: The clerk has it, but it's not that complicated. In subsection (b) it merely changes three-fifths to two-thirds. I am not going to belabor this, except to say that, number 1, the Revenue Committee met for six months. They heard testimony undoubtedly from hundreds of people. They decided two-thirds was right; 116—a majority—

PRESIDENT WITWER: Just a minute. Is there a second? Seconded by Mr. Garrison.

MR. FRIEDRICH: I am sorry. A majority of the delegates in this Convention on first reading, which was rather laborious, decided two-thirds was all right.

I don't know why you have such a fear that when there is a need for spending beyond income that it will not be met. Actually the people themselves demonstrated that they were willing to do it a few years ago. They did it in my town for schools. They did it in Dr. Buford's town for schools. They did it in



this state to the tune of \$350,000,000 for universities, and Dr. Kenney surely hasn't forgotten that in his urge to make it easier.

We did it for our mental hospitals—the greatest building program in the history of this state was done by the people themselves in their willingness to indebted this state.

Now, I tell you again that the state now has unlimited power to tax, according to this body, which will bring in substantial increases in income, I am sure; and if there is an extra-special need, I am sure that you can get two-thirds of the members of the legislature to recognize it.

**PRESIDENT WITWER:** Thank you. And now we are on the Friedrich amendment, the amendment which would change the three-fifths to two-thirds in the third line of section (b) of the draft before you. Are you ready on it? Any further debate? Mr. Mathias, I think you should speak to it.

**MR. MATHIAS:** Yes, I would oppose the Friedrich amendment. That's the purpose of this. I think we have pointed out that many people have felt that we were putting provisions—requirements—on the state that were much more difficult than the ones that we have had on local government.

And we have—all the way through this constitution, in other provisions—we have gone from a two-thirds' vote of the General Assembly to a three-fifths' vote; and I think we should follow through here and do the same thing.

And with respect to the time given this on first reading, you remember it came up one day rather quickly. We were all in a hurry to get away, and we did not give very much attention to this bond requirement—state debt requirement. I raised the provision then, but I was not prepared with an amendment.

I would oppose and I would ask the delegates to oppose the two-thirds' requirement and to retain the three-fifths' requirement as is set forth in the amendment.

**PRESIDENT WITWER:** All right, are you ready? Just a minute. A question, Mr. Knuppel?

**MR. KNUPPEL:** Mr. Mathias, if I may, if I understood you correctly, the indebtednesses that would be incurred under section (e) are intended to require only a simple majority of the General Assembly. Is this correct?

**MR. MATHIAS:** Right. By law, which means the majority of the General Assembly. Those are revenue bonds.

**MR. KNUPPEL:** I am not going to argue with you on this. I am going to speak later. It guides me somewhat in how I will vote on this amendment, but I don't think the language is as clear as it could be, and that's the reason I asked the question.

**PRESIDENT WITWER:** Thank you. And now, Mr. Friedrich to close on the amendment.

**MR. FRIEDRICH:** Mr. President, my closing will be very short. We are talking about—with the present size of the senate—four members and ten members of the house. If it were reduced, we are talking about three and seven. So we are not talking about an impossible difference here.

We've plowed this ground once. It has been plowed a lot by the committee and by this floor. We decided that two-thirds was the right number. Now, let's don't be jumping around all over the lot.

**PRESIDENT WITWER:** All right. Do you wish to take this on voice vote or a division?

**VOICES:** Division.

**PRESIDENT WITWER:** Division has been requested, so I'll ask the delegates to take their seats for a division. You can take anybody's seat that you wish as long as you are seated. (Laughter) Don't take me so technically, Mr. Foster.

Now, I think everyone is seated and I'll ask the doorkeepers to close the doors and ask any latecomers to stay out so we do not have the count disturbed.

We are now on an amendment by Mr. Friedrich, the effect of which would go back to the two-thirds' requirement in section (b)—the third line of section (b)—in substitution for the words "three-fifths." So those who would favor the Friedrich amendment, please raise the hand.

(Whereupon, there was a knock at the door of the Convention hall, following which several delegates entered the room.)

**MR. FRIEDRICH:** Mr. President, I object.

**PRESIDENT WITWER:** No, no, we don't count them. You completed the count before they came in. That's all right.

Now, just tell them to wait a bit. Now those who are opposed, please raise the hand. Just a minute. These people—yes—the people that came in should not count—should not vote. As long as we have that understanding, they are not voting either way. We didn't count them on the one side or the other. So, please exercise that discretion. Those who are opposed to the two-thirds insertion in place of three-fifths. The amendment failed. The vote was yea, thirty-seven; nay, forty-one. Mr. Parkhurst?

**MR. PARKHURST:** Mr. President, I, for one, think that this locking-of-the-doors business when we haven't even completed the tally is something we are going to regret. It didn't make any difference this time, but it might. I would, for one, think that we could at least be liberal enough to let the people in the door when we might want to vote on an issue before the matter is concluded or before it is even announced. I don't think we ought to be quite that strict about things.

**PRESIDENT WITWER:** We will do it any way the body wishes. It is a very complex business, as we found the other night, when people come in during the actual count, and that was the problem there. Just a minute. Mr. Nudelman?

**MR. NUDELMAN:** I would also second Mr. Parkhurst's comments. In the past it has been our practice, even on hand votes, that when people walk in and before the vote is counted, they are permitted to advise the clerk which way they would have voted so that he can amend the tally. I don't think anybody here is suspect of skulduggery along these lines.

**PRESIDENT WITWER:** All right. Yes. We will follow that, if that is the wish of the body. May I suggest this, then: If it gets confused like it did the other night, then I hope that you will recognize it is the privilege of the Chair, if not the responsibility of the Chair, to point out that the vote is very deceptive and unclear and to suggest a roll call as I did the other night in those circumstances.

Now, I didn't tell you the other night, Mr. Coleman, that that discretion of the Chair is expressly stated in rule 38, I believe it is.

**MR. COLEMAN:** Mr. President?

**PRESIDENT WITWER:** Yes. Mr. Coleman?

**MR. COLEMAN:** Mr. President, I have no objection to what Delegate Nudelman said, but I do object to what Dele-



## VERBATIM TRANSCRIPT OF AUGUST 9, 1970

3861

gate Parkhurst said, for the simple reason, like the vote was going on just now. One side had already voted; and then you let the other side in, and they start voting—

PRESIDENT WITWER: No, they didn't.

MR. COLEMAN: I say, if they do, then I don't think we can ever permit that. Now as far as what happened the other night, Mr. President, my only objection was, if you had stopped the vote or had never looked at the count yourself—Mr. President—Mr. President?

PRESIDENT WITWER: I am listening.

MR. COLEMAN: I am not questioning the rules. I think you are right on the rules. But my only objection is, if you see the confusion and you are in the Chair, you have a right to stop it. Tell the clerk to stop the call, "I'm going to have a roll call." Nobody would object to that. But if you wait until the clerk finishes the count, hands you the count, and then you decide you are going to have a roll call, that's where you are going to have objections—

PRESIDENT WITWER: Mr. Coleman, I don't think we should spend a lot of time on this, but the other night when the clerk handed me the tally—may I have your attention, please? Mr. Sbarboro, who is a good friend of yours, and I am sure highly respected by you, Mr. Coleman, shook his head and indicated it was virtually meaningless; and I didn't point that out the other night, but this was the basis on which I asked that you might take a roll call.

And so it is a very complex thing. If you don't close the door, you get people coming in, in the middle of the call. If you do close the door, you have unhappiness. We'll do it any way you wish, but please remember that the Chair is instructed by rule 65 as follows: "If the president is in doubt as to the vote, he may order a division or roll call of the Convention." And this is all I sought to do the other night.

Now, Mr. Jenison, may we get on with the main motion? Are you speaking on the main motion, sir?

MR. JENISON: I'll waive.

PRESIDENT WITWER: Thank you. Mr. Friedrich?

MR. FRIEDRICH: I am reluctant to do this, and I do it with some reluctance. A number of people who were supporting me in this matter say they are not satisfied with what happened now; and I am not quarreling with you or anyone else, and I am not asking for a roll call, but I would at least like to have a show of hands without the people running in the door. I am not questioning anyone that ran in. That was close enough, and since I have been asked to do it, I am going to do it at that time. It wouldn't take but a minute, and I hope you'll do it.

PRESIDENT WITWER: I beg your pardon? Do you wish to move reconsideration? This is what we did the other night. Is there someone here who was on the prevailing side who wishes to move reconsideration? Mr. Woods moves it.

MR. WOODS: I move reconsideration. I was on the prevailing side.

PRESIDENT WITWER: All right. Mr. Woods moves reconsideration. We will follow the same practice we followed the other evening when we had this same agitation. Is there a second? Seconded by Mr. Butler. Now, those who will vote reconsideration—and please take your seats, because I think again, we'd better be sure of the count.

Well, if they are walking around you see you get into that trouble. Are the delegates who wish to be counted now on this in their seats? You see, the problem is, they walk around, and you'll get people going from one side to the other. Do you wish to speak on reconsideration, Mr. Mathias?

MR. MATHIAS: No, I request that we vote from our seats then. Let's be certain that we have it.

PRESIDENT WITWER: All right, let's vote from our seats now. And anyone who comes in who is not seated, then may we understand that we will not count him? Is this a fair deal?

VOICES: Yes.

PRESIDENT WITWER: All right, nobody objects to that rule.

MR. NUDELMAN: I object.

PRESIDENT WITWER: You object. Well, are we going to count them as they come in the door, then, Mr. Nudelman?

MR. NUDELMAN: Mr. President, if you are taking a hand count and somebody walks in the door and says to the clerk, "Mr. Clerk, please record me aye or nay, I think we can accept the delegate's statement that he has not raised his hand, and his vote should be counted along with the others. I think it is as simple as that.

PRESIDENT WITWER: Well, then he could come—

MR. NUDELMAN: It would shame me, and I think this entire Convention, if we can't trust all of the delegates here to vote honestly.

PRESIDENT WITWER: I don't think there is any question of distrust for any delegate. It is a matter of how do you get a fair count. That's all, Mr. Nudelman. Mr. Jenison?

MR. JENISON: Well, I was not going to speak on the amendment; but I had a suggestion, and I waived it at the moment. But there is a simple resolution to our problem of our hand votes. We simply hand vote the people who are in the hall. There is such a thing as patience. Our people who are outside can wait, with the understanding that they will be admitted and then be counted; and the confusion will be dissipated, and we will not have—

VOICES: Yes. (Applause)

PRESIDENT WITWER: I thank you. Now we understand that we will keep the doors closed during the actual count and then, following the completion of the count, before we announce the count, we will open the doors and those who are late will have the chance to come in and be counted. Now, is this acceptable to everybody?

VOICES: Yes.

PRESIDENT WITWER: Very good. Thank you.

Now we are going to have a division on the question of reconsideration—reconsideration of the vote on the Friedrich amendment, which was the amendment to substitute two-thirds for three-fifths in the Mathias amendment. Now, those who will favor reconsideration, please raise the hand. Now if you will lower your hands, those who are opposed to reconsideration. The motion to reconsider has passed by a vote of yea, sixty-four; nay, thirty-five.

Now may we go on the amendment?

VOICES: Roll call.

VOICES: No.



**PRESIDENT WITWER:** All right. Do you wish a roll call? I do not see ten, so there will be no roll call. Now, on the division—we are on the amendment now. On this vote, those who will favor Mr. Friedrich's amendment of "two-thirds" to be inserted in the place of "three-fifths" in subsection (b) of the proposed amendment of Mr. Mathias will raise the hand. Now will you lower your hands? Now, those who are opposed to the Friedrich amendment; raise the hand. The Friedrich amendment has failed. The vote was forty-six, yea; fifty-seven, nay.

Now we are back on the main motion of Mr. Mathias, and we have quite a list. May I urge the delegates to move as rapidly as possible?

**VOICES:** Question.

**PRESIDENT WITWER:** Well, we cannot foreclose debate as long as any delegate wishes to be heard. I'll call the roll and those who wish to waive may do so. Mr. Thompson?

**MR. THOMPSON:** Thank you, Mr. President. I have a couple of questions for Mr. Mathias or one of the sponsors, and then, depending on the answers, possibly an amendment.

I am concerned about section (e). Now, it's my understanding this is to be repaid with nontax revenue, which would include tuition, rentals, state university fees, et cetera. The total amount of debt which could be incurred under this section would be whatever the nontax revenue of the state would be able to support. Would that be a fair statement, sir?

**MR. MATHIAS:** No, not with respect to tuition. Tuition is not handled in that way. It is a part of the revenues required to be paid into the state and is not payable—cannot be used for revenue bonds.

**MR. THOMPSON:** It is not tax revenue, is it, sir?

**MR. MATHIAS:** It is not tax revenue, but—well, I am talking about present legislation, at least.

**MR. THOMPSON:** Yes, but we are writing a constitution for the future. It appears to me from this language—

**PRESIDENT WITWER:** Just a minute, Mr. Thompson. You are not being heard. I want to get you heard. Just a minute. Let's everybody be quiet so we can hear what Mr. Thompson is talking about. All right.

**MR. THOMPSON:** According to the language of your amendment, sir, that tax revenue bonds that are to be retired from tax revenue are taken care of in subsection (b)—

**MR. MATHIAS:** Right.

**MR. THOMPSON:** —this refers to revenue bonds which applies to all revenue that is not tax revenue, could be used—it would be possible under this section to consider that revenue for the retirement—revenue bonds could be issued and this could be considered revenue—

**MR. MATHIAS:** I think you are right. The General Assembly could change the legislation, although now it is not available for revenue bonds.

**MR. THOMPSON:** Thank you very much, Mr. Mathias.

I would like to amend section (e) by adding as authorized by "a law passed by three-fifths of both houses of the General Assembly." The language isn't perfect, and Style and Drafting can fix it up; but I want the three-fifths concept in there, and I would like to speak to it if I get a second.

**PRESIDENT WITWER:** Is there a second? Seconded

by whom? Mr. Durr. All right, Mr. Thompson?

**MR. THOMPSON:** I don't know whether it is possible to stop the revenue abuses in this state that we have with our building authorities and toll road authorities and everything else, and I agree that we have helped it some by going through the General Assembly. I know that we will have charges that there will be logrolling, but I can't quite conceive of logrolling to issue bonds.

Now, I might say that my theory of debt and my theory of taxation are quite different. I am perfectly willing to tax myself or my generation for whatever we want and what we want to pass on to my children. I am not willing to have it wide open to tax my children and my grandchildren and their grandchildren. So I would think that any—and I might also point out that the higher universities lobby is one of the most powerful lobbies, as just demonstrated in the last session of the General Assembly; and if they have a worthwhile project and they want to issue some revenue bonds, they will have no trouble getting a three-fifths' approval of both houses.

And I think this is a very reasonable amendment, because the amount of debt that could be issued under subsection (e) is enormous. Now, let's not loosen it up too much. Let's be reasonable. I think this is a reasonable amendment, and I urge your support.

**VOICES:** Question.

**PRESIDENT WITWER:** The question has been called for on the amendment. Mr. Strunck, you would like to talk on the Thompson amendment?

**MR. STRUNCK:** No, sir. I would like to talk to the amendment of Delegate Mathias.

**PRESIDENT WITWER:** I see. Well, at the moment—yes, Mr. Mathias? On the Thompson amendment, I'll put you on the list, Mr. Strunck.

**MR. MATHIAS:** With respect to Mr. Thompson's proposal, I want to point out, this isn't only a university. This applies to many other areas, one of which is housing; and I am told by the housing authority that quite often these projects come in, they have to act upon them within a few months, and that the legislature could authorize the housing authorities to act on certain projects in advance, and as they come in, then, they can be acted on. It would not be necessary to go back to the legislature.

If the legislature wants to require the universities to submit every project to the General Assembly and get it approved, I think it can be done under the language here, "for such purposes and in such amounts as may be authorized by law." If the General Assembly wishes to restrict the governing boards of the colleges and universities, they would have the authority to do that, and they can do it by general law. It isn't going to take a three-fifths' vote.

**PRESIDENT WITWER:** Thank you. Mrs. Netsch, do you wish to be heard on the Thompson amendment?

**MRS. NETSCH:** A point of order, Mr. President.

**PRESIDENT WITWER:** Point of order?

**MRS. NETSCH:** May we just hear the Thompson amendment once more? We did not hear it.

**PRESIDENT WITWER:** Mr. Clerk, would you read the Thompson amendment? I have it here, I believe. I believe, Mr. Thompson, you are adding a word "a" between "by"



## VERBATIM TRANSCRIPT OF AUGUST 9, 1970

3863

and "law" in the last line of (e), and you are striking the paragraph and adding the words "passed by three-fifths' votes of both houses of the General Assembly," period.

MR. THOMPSON: That is correct.

PRESIDENT WITWER: All right, sir. So that the additional clause comes at the end of the sentence—at the end of the section (e). Now, is there any further debate on the Thompson amendment? Mr. Elward?

MR. ELWARD: Just very briefly, Mr. President, and for the reasons eloquently set forth by Delegate Thompson, I support his amendment.

PRESIDENT WITWER: Father Lawlor?

FATHER LAWLOR: Mr. President and fellow delegates, I think the Thompson amendment is necessary if the rest of this is to mean anything. I don't see how you are really putting a ceiling on things, if you are going to allow these various state department authorities, boards of higher education, and so forth to incur debts, and then in paragraph (d) say that the state's going to have to pay them off.

All they have to have is a majority vote to incur the debt, and then a majority vote to pay it off, and when you have a General Assembly that is top-weight on one side—top-heavy on one side—you really are not protecting anything except you are allowing them to support any interest they may have; and they can go as far into debt as they want without any relation at all to that 5 percent up in paragraph (c).

I think this is an absolute necessity to really give the state the protection that we say we are giving it back in paragraph (b).

PRESIDENT WITWER: Thank you, Father Lawlor. Now, Mr. Knuppel?

MR. KNUPPEL: Well, I thought this was a Convention that was great on local and home control—home rule—and this, I think—I oppose the Thompson amendment, because I feel that there are many of these local authorities, that is, junior colleges, departments, public corporations and quasi-public corporations of the state—their boards are better acquainted with what they need. I think that they can go to the legislature and get authorization and not be traded and bartered about—the welfare of these units nor of their children—the children of our state universities.

I personally cannot see the need—where the full faith and credit of the state of Illinois is not pledged, I can see no need, no reason why the governing boards of these different authorities, such as the Illinois Building Authority, which builds—issues bonds and then builds buildings and rents them to junior colleges or state universities, shouldn't allow this—why we shouldn't allow this to occur on a simple vote—majority vote of the General Assembly.

We say—we have been saying through this Convention, "Trust your legislature. Give home control—home rule," and then we stand up here now and say, "You've got to have an extraordinary majority, even though the full faith and credit of the state of Illinois is not pledged." I, personally, oppose requiring this extraordinary authority in this type of an instance.

PRESIDENT WITWER: Thank you, Mr. Davis?

MR. DAVIS: Mr. President, in opposing the Thompson amendment, I endorse and adopt the statement that Mr.

Knuppel has just made; and I would also say that the amount of these revenue bond issues is quite well limited by the ability of the institution to find a market for them, because nobody is going to come in and buy them unless there is adequate revenue in sight to take care of the interest and the amortization of the indebtedness as it occurs—as it matures.

And as I result I think it would be a serious—a grave mistake to increase, from a majority to a two-thirds' requirement, the amount needed in order to approve—or three-fifths, whichever it is here, requirement—the amount needed to secure approval of this type of issue.

PRESIDENT WITWER: Thank you, Mr. Strunck?

MR. STRUNCK: Mr. President, I rise in support of the Thompson amendment. Reference was just made to the safeguard of the market place. I might suggest that any review of the various toll road issues in the United States in the past twenty years, and a current review of their current status on the bond market in their ability to pay off debts, would lead one to believe that the bond market place is not the best judge of the ability of a revenue bond issue to repay itself from revenues.

I might also say that conversation has been carried on in this hall relating to university buildings. I see no reason in the world why university dormitories, as a great example, cannot be built by private enterprise and remain on the local tax roll so they can contribute some cost of the additional cost to local government brought about by the additional dormitories constructed by revenue bonds without anybody's by your leave.

PRESIDENT WITWER: Thank you. Now in summation—would you like to speak, Mr. Mathias?

MR. MATHIAS: No, I think it has been fairly well covered. I think there very definitely is a difference between bonds that are secured by the full faith and credit of the state or that are payable from tax revenues, and I support and agree that we should require an extraordinary majority there of three-fifths as we do.

But as it has been pointed out, in these bonds that are payable solely from revenues, I think the legislature, by a majority vote, can handle these—give the authorization—and it is not necessary to have the extraordinary vote.

PRESIDENT WITWER: Thank you. Now, Mr. Thompson—and is it likely that you'll want a division on this? If so I'll announce it over the loud speaker.

MR. THOMPSON: Yes.

PRESIDENT WITWER: All right. There is going to be a division vote. Will the delegates in the lounge and out in the corridors come in? Now, Mr. Thompson? Mr. Thompson is in process now of summation.

MR. THOMPSON: Briefly, Mr. President, in summing up, these revenue bonds are exactly the type of bonds we do want to get away from. We do pay a higher interest rate for this money. We don't want to abuse the issuance of revenue bonds because, in essence, when we are building buildings at state universities, it does affect all the people of the state, whether it comes from tax money or some other source. We pay 85 percent of the cost of higher education from tax funds in this state, and this is exactly the type of thing we want to get away from.

If the need is there, I think we can get the three-fifths. In



those cases where it is necessary, there will be no problem in getting the three-fifths; and in any other cases, perhaps we'd better take another look at it if we can't. I don't think this is too restrictive. It's pretty wide open, really. It frightens me a little. But please support this amendment. Thank you.

**PRESIDENT WITWER:** All right, now we are ready for a division. Will the doorkeeper advise the people out in the corridor to come in. Will you take your seats, gentlemen? Will the delegates take their seats, please, so we can get this count? If you are going to stand, please don't move around. All right, let's close the doors, and anybody who comes will have a chance to vote before the announcement of the call.

Those on this motion, which is the motion now of Mr. Thompson to add—may I have your attention, please? The Thompson amendment would add the word "a" between the words "by" and "law" in the last line of (c) and would also add the words after "law," with the period out, "passed by three-fifths' vote of both houses of the General Assembly," period.

On this division, those who would favor the Thompson amendment please raise the hand. Now if you will lower your hands, and those who are opposed to the Thompson amendment, please raise the hand. Do you wish to be counted on the Thompson amendment? Two ayes. All right. The Thompson amendment has failed. The vote was forty-seven originally—now yea, forty-nine; nay, fifty-four.

Now we are back on the main motion. Mr. Stahl?

**MR. STAHL:** Mr. President and fellow delegates, I believe—I have an amendment which I believe the sponsor of this amendment will accept.

**PRESIDENT WITWER:** What is it, Mr. Stahl?

**MR. STAHL:** In lines 7 and 8, although they are not numbered that way, in section (a), delete "by specific tax revenue" and insert in lieu of that "payable," comma, "directly or indirectly," comma, "from tax revenue." And then in section (e) in line 5 after the word "nor," delete "by specific tax revenue" and insert again the same phrase, "payable," comma, "directly or indirectly, from tax revenue." The intent of this amendment is to clarify that we mean precisely what we have been saying on the floor; that the lease is not an alternative—a way out of tax revenue; because there is a lease, it does not mean that it then becomes a revenue bond instead of a general obligation bond, guaranteed from taxes.

**PRESIDENT WITWER:** Thank you, Mr. Stahl. Mr. Mathias, do you accept these modifications?

**MR. MATHIAS:** Yes, this has been worked out with Mr. Parkhurst and Mr. Stahl and others. It is in line with the provision they had, and I would accept it.

**PRESIDENT WITWER:** Thank you. Mr. Meek, do you accept it as the seconder on this? All right, now we still have quite a number who wish to be heard on the main motion. What is your wish? Would you like to get to vote pretty soon? Do I hear anyone who feels that he would like to talk? Mr. Kamin?

**VOICES:** Question.

**PRESIDENT WITWER:** Just a minute. We have a number of people on the list, and I am going to call the list. They can waive if they choose, and we'll take them in the order in which they have appeared. Mr. Peccarelli?

**MR. PECCARELLI:** Thank you, Mr. President. Very briefly, on the fourth line of the amendment, I would only ask Mr. Mathias and Mr. Meek if they would agree to accepting the words "elected to" following "members" which was consistent with the action taken by the Convention yesterday in adopting my amendment.

**MR. MATHIAS:** Yes, we had no intention of changing that. This was drafted before, and we would accept it.

**PRESIDENT WITWER:** Fine. We will treat that as an editorial change in conformity with the other changes we have made in other sections of the article, by acceptance.

**MR. PECCARELLI:** Thank you.

**MR. FOSTER:** Point of personal privilege.

**PRESIDENT WITWER:** Yes, Mr. Foster?

**MR. FOSTER:** I rise to a point of privilege. Since this seems to have been "Sock it to Sam Week," I think we ought commend the Chair for figuring out how to take a vote of this body. (Applause)

**PRESIDENT WITWER:** Thank you. I didn't get the initial words, but I understand they were complimentary. Thank you.

All right, now, Mr. Friedrich, I think—have you spoken on the main motion?

**MR. FRIEDRICH:** No, I haven't. I would like to ask a question, actually.

**PRESIDENT WITWER:** All right, Mr. Friedrich on the main motion.

**MR. FRIEDRICH:** A question of Mr. Mathias, if he would, please.

**PRESIDENT WITWER:** Now, may we have attention, please? Mr. Friedrich has the floor.

**MR. FRIEDRICH:** I want to ask Mr. Mathias, we have the Building Authority now, and it got into some rather strange business, because we were told in the beginning that the Building Authority would be only permitted to go into debt for things which—if the state refused to appropriate money for the payment of it, that it would be up to the bondholders to do what they wanted to with it.

Well, among other things, they built some buildings inside the wall at Pontiac Penitentiary, which was a mystery to me. I never figured out what we could do with it if the revenue—the legislature—didn't appropriate money.

How far—and what—suppose we have the Building Authority; under this program, just exactly what could the Illinois Building Authority do, and what could the Illinois Toll Road Authority do, without specific authorization of the legislature?

**MR. MATHIAS:** I think, under this proposal, there would be no reason for a continuation of the Illinois Building Authority. I think that if they have to get the three-fifths' vote of the legislature, and the legislature has authority by a three-fifths' vote to authorize the borrowing of money, the legislature is going to authorize the state to borrow the money and build it as we did before there was an Illinois Building Authority.

On the Toll Road Authority, it is going to be up to the General Assembly what the General Assembly will authorize. I don't know what they will authorize, but I think we can trust them to deliberate in the things that they authorize.



## VERBATIM TRANSCRIPT OF AUGUST 9, 1970

3865

MR. FRIEDRICH: I thought part of the intent of this was so universities could build, under just one general act, dormitories, for example, which the—the indebtedness would be retired from revenue from the dormitories.

MR. MATHIAS: I think the universities can, if the General Assembly will authorize as they now have done, the governing board of the university—if the General Assembly will authorize the governing board of a university to issue bonds for dormitories, then they could build it. If the General Assembly wants to say, "You must bring each of these proposed dormitories in and get our approval, they can do that; because—"

MR. FRIEDRICH: Okay.

MR. MATHIAS: —because they only have the authority for such purposes and in such amounts as may be authorized by law.

MR. FRIEDRICH: Yes. One final question, and I don't mean to delay it long. In this last session of the legislature, or at least during this administration, the legislature created a highway deal of some kind that was going to put the state in debt for a long time, and thank goodness, the supreme court which was elected and not appointed, decided it was wrong. Where would we stand on a thing of that kind?

MR. MATHIAS: I think—as I understand the supreme court decision, they held it was so closely tied in that it was not a revenue bond—it was really the state incurring indebtedness; and under a thing of that sort, instead of being authorized by a majority vote of the legislature, it would require a three-fifths' vote of the legislature to authorize the Building Authority—the Highway Building Authority.

MR. FRIEDRICH: Thank you very much.

PRESIDENT WITWER: Mr. Knuppel, have you spoken on the main motion?

MR. KNUPPEL: Sir, I believe that my matter is for Style and Drafting.

PRESIDENT WITWER: Thank you. Mr. Connor? He waives. Mr. Elward?

MR. ELWARD: Mr. President, with respect to the position we should take on this, I think the remarks of Delegate Dawn Clark Netsch, on page 129 of the Revenue Committee's report, are an excellent guideline for all of us where she said, "especially in the light of the requirement," which I applaud, "that all debt, whatever its form or source of repayment, will be subject to the same provisions." I think that that's what we should follow, and that's why I think the Mathias amendment is a bad amendment, and why I think we should do away with it.

Now let me point out to you, on page 119 of the Revenue Committee report, that the Illinois Building Authority may be back in here under section (b); we are not apparently altogether sure about that. There seems to be some confusion, at least in my mind. The Illinois Building Authority had \$311,000,000 under construction for which bonds had been issued a year ago; it had \$550,000,000 of authorized projects for which bonds had not been sold; and the amount of those and their purposes is set out, of course, in various pages of the Revenue Committee's report.

It has been suggested that the real control that we need here, and the only one we have to worry about, is the market

control. Let me point out to you who pays for the mistakes that we may be making now with the legislature in the future. Principally these mistakes are paid for by the students who attend our state universities and who must pay the fees just as they must pay the tuition. The students got all upset this spring, and their parents as well, and those of us in the legislature heard about it at length, when there was a suggestion in the coming year there should be a tuition increase.

So without any action of the General Assembly, the fees have gone up year after year at our state universities; and unfortunately, we raised them even more for the next twenty-five years when we raised the interest rate on dormitory bonds for all of the state universities this spring from 7 percent, as I recall it, to 8 percent.

It is interesting to say, of course, that while the market handles that, the market extracts its money from the pockets of the students and their parents, and they are the ones who eventually pay for this particular situation, and they, of course, are stuck over the next twenty-five years with payment for it.

There is no problem for legitimate state projects in getting approval of the General Assembly by three-fifths; and that is what is wrong with section (e), which is wide open for all of these dormitory and revenue financing programs.

Now it has been suggested in a flood of what I must say are, I think, rather poorly assembled letters which have been sent to us by the various state university people, that there is going to be enormous delay if we don't change the Revenue Committee's report in section 9(d). I don't know that saying there's delay seven different ways in fourteen different paragraphs produces delay, but I do notice some serious errors of fact in the various letters from the boards of governors.

I note, for example, from the Board of Governors of the State Colleges, in Dr. MacKelvey's letter on page 2—the letter he wrote to Mr. Witwer on August 3 of this year—at the top of that page he says—Dr. MacKelvey—that "with the proposed 5 percent limitation, it is conceivable that a large state bond issue could be approved in one year, and its size would preclude the issuance of any further bonds."

That may be true as far as the market, but that has nothing to do with the section of the constitution that's before us now. That 5 percent clause is not related to state universities in any way whatever. If you will look at the committee report before us, it only deals with what are in the nature of tax anticipation warrants to finance the current expenditures of the state within a one-year period.

I note, interestingly enough, in another letter from the Board of Regents to President Witwer, dated August 3, that one of the objections that they have to this proposal—and why they therefore are, of course, in support of this amendment, which I am against—is that these revenue projects are self-liquidating, with the cost to be borne by the students.

But the students have no voice in these projects. The bills show up on their fees. It has been suggested by some that they don't have to go to the state colleges—that they could sleep in a pup tent or maybe just stay home and go to junior college and be satisfied with two years and maybe they are awfully lucky that they are getting that.

Now, I don't believe that we want to take that attitude toward the students of the state of Illinois. I don't think we want



to expose them to operations over which they have no control or influence, and on which there can be unlimited debt, simply by a majority of the General Assembly.

Furthermore, in the letter from the Board of Regents, we find this interesting sentence:

Some projects are more necessary than others, and some are more glamorous. To place in the hands of the public the responsibility to determine the need of specific projects on the various campuses places an undue burden of possibly having to make a choice between or among projects on completely unrelated sets of values.

Now just who in the name of thunderation do these educators think they are? They are servants of the people of the state of Illinois, and maybe it's high time they realize that. If the people are too dumb to decide whether they want a couple of hundred million dollars in bonded debt to build state university campuses, then maybe they are too dumb to have state universities and presidents and faculty therein. And maybe we would be all better to go back to Leland Stanford at one end of a log and a student at the other, as I seem to recall it was.

May I point out, incidentally, that bond issues for education at the state level have had no trouble passing. We passed a combined bond issue for mental health and the universities of \$345,000,000 in 1960. We are going to have \$750,000,000 on the ballot this fall for municipal sewage treatment plants. The voters seem to be smart enough to figure out whether they want that or not, but we are afraid to trust them or their representatives in the General Assembly with this particular proposition as to whether we should have further state debt.

I would point out to you further that our Revenue Committee report contained, on page 127 and 128, the suggestion advanced by Delegate Tomei from the Chicago Bar Association, that all of this debt, from whatever kind, should be submitted to the electors and approved by a majority of those voting on the question.

The Mathias amendment with all of the changes that you have before it, and since the Thompson amendment which I supported was rejected, is a wide-open operation, certainly for the toll roads, I suspect perhaps for the Building Authority, certainly for dormitory authorities, quite possibly for highway trust authorities, and for a number of other things.

Now, contrary to what Delegate Netsch said earlier, we have greatly liberalized, in the Revenue Committee report before you, the present Illinois state debt structure which has, of course, been widely evaded; but now to take out from under, because some university somewhere or some junior college board has sent us a telegram that there will be delay—the delay, ladies and gentlemen, is not in the General Assembly, as Representative Arrigo and I can tell you. Every project that there's been reasonable grounds for, we have approved and approved overwhelmingly. The three-fifths will be no barrier to that. Education is not and has not been and will not be a partisan issue in that way.

The problem today—and for the last several years and for some time to come—is that we have got the pipelines so full they're bursting at all ends. We have authorized over a \$500,000,000 worth of projects for which there are no architectural plans, no drawings, no contracts, no bids, no bonds,

no nothing. The General Assembly, in other words, is about \$500,000,000 ahead of the state universities, the Building Authority, and anybody else.

And for that reason, I think, if you really mean to have a meaningful control of all state debt, you should reject the Mathias amendment, because it does take the lid off throughout the state; and quite frankly, our experience with the toll road and the building authority is not such that I think we wish to have an unlimited debt structure in Illinois in the future, without any control by the people at the general election. Thank you.

PRESIDENT WITWER: Mr. Buford?

MR. BUFORD: Mr. President and fellow delegates, I shan't speak; but I think if I did, the things that I'd say would be as important as most of the things I have heard for the last little while, and I hope other people won't speak either.

PRESIDENT WITWER: Thank you. Anybody else wish to speak? Mr. Strunck, I believe you—have you spoken, Mr. Strunck, on the main motion?

MR. STRUNCK: No, and I would waive and adopt the remarks of Delegate Elward, and I would ask for a roll call.

PRESIDENT WITWER: Thank you. Mr. Perona?

MR. PERONA: Mr. President, I would like to ask Mr. Mathias a question. As I read your amendment, it doesn't provide for any free debt by majority vote. That's general obligation debt that the General Assembly can issue. Is that right?

MR. MATHIAS: I don't understand the term "free debt."

MR. PERONA: Well, that's a poor term, I'll admit. Any debt, any general obligation debt issued by the state, must be approved by three-fifths of the General Assembly or at a referendum?

MR. MATHIAS: Right.

MR. PERONA: How do you rationalize that concept with what we approved in the Local Government Committee report which gave to cities over 100,000 the right to issue debt—general obligation debt—of up to 3 percent of the assessed value within the city, by a mere majority vote of the governing council of the city?

MR. MATHIAS: I don't. I didn't vote for the proposal in the Local Government report; but I think this is much more restrictive than—the requirements here on the state and its agencies are much more restrictive than the requirements we have placed on local governments.

MR. PERONA: You are saying, then, that you feel that this is liberal enough for the state, and that you don't favor the more liberal concept that we approved for the cities. Is that right?

MR. MATHIAS: I think, what we have done—the authority we have given the cities is much more liberal than what we are doing even under this amendment for the state. This is much more restrictive.

MR. PERONA: I would like to speak in favor of the Mathias amendment. It seems to me to be rather ridiculous the way we are hamstringing the state in this section of the revenue article when we give the cities—any city over 100,000, and basically any city that has home rule powers—some ability to issue general obligation debt by a mere majority vote of the governing board of the city. It just doesn't seem



## VERBATIM TRANSCRIPT OF AUGUST 9, 1970

3867

right that the sovereign state should have more restrictions than a subordinate city.

PRESIDENT WITWER: Thank you. Mr. Meek?

MR. MEEK: Mr. President, as a sponsor—amender—of this proposal, I have four sentences. I hope some of my friends here will listen very closely. I admire their technique, but can't somebody smell a mouse again? It seems so obvious around here.

May I add—number 2 sentence—that you've got—we've got—some of the most rock-ribbed conservatives in this state on this proposal—men whose experience as conservative tax men is known and heralded throughout this entire state.

Number 3, we sure as the dickens better grab at this thing. As a once-Republican standard bearer, somewhat tarnished by defeat—even a Taft Republican, if you will—I am sure as heck going to be safe and sure, rather than sorry on this one.

And I have only one final question and one sentence. Some day the great gentlemen—most of them on that side of the aisle—are going to have a Democratic governor, I am sure; and I'll bet four bits if there was a Democratic governor today, we would have the same issues and the same conclusions. Let's put an end to the mouse and smell a few roses. Thank you.

PRESIDENT WITWER: Thank you. Mr. Kamin?

MR. KAMIN: I don't want to follow that by saying that I smell a rat, but I am a little troubled by one thing.

In section (f), which is new language, and we are really only looking at it for the first time, Mr. Mathias—section (f) as it is read would seem to say that if you are refunding outstanding debt even if that debt is only revenue bond debt or something similar, and if you are refunding it with bonds which are supported by the full faith and credit of the state, that you still do not have to have the three-fifths' vote even if you are—because you are only refunding, and I don't believe that that is the intention—that you should be able to evade the three-fifths' requirement merely by issuing some non-full faith and credit debt first and then refunding it.

MR. MATHIAS: The intention is that you could refund full faith and credit bonds with full faith and credit bonds, and the revenue bonds only with revenue bonds.

MR. KAMIN: I thought that was your understanding and your intention, but I don't think the language in any way sets forth that limitation; and I am wondering—I have an amendment which I don't like, because it is too wordy—and as I said, this was right on the spur of the moment—I say, "except that debt secured by the full faith and credit of the state or payable directly or indirectly by tax revenue," which I think was Mr. Stahl's amendment, we have had to go on pretty fast here—

MR. MATHIAS: Yes.

MR. KAMIN: —"shall not be incurred pursuant to this paragraph except to refund debt originally incurred in compliance with paragraph (b)." Would words to that effect—

MR. MATHIAS: Something to that effect. I think it could be referred to Style and Drafting. We intended to refund—

PRESIDENT WITWER: Just a minute, please

MR. MATHIAS: If refunding bonds were issued, you could only use those refunding bonds to refund—that were secured by full faith and credit or payable from tax revenues,

by other bonds. You could not take your revenue bonds and refund them by full faith and credit bonds, unless you got a three-fifths' majority of the legislature.

MR. KAMIN: As I say, I think that is the intention. I don't know how to—I don't just want to send that to Style and Drafting, because that is a rather substantive thing. Could we accept some language to that effect now?

PRESIDENT WITWER: Would you read it again, and take it as an amendment, or take it as an acceptable editorial change.

MR. KAMIN: Fine. I say, "except that debts secured by full faith and credit of the state or payable directly or indirectly by tax revenue"—I think that was Delegate Stahl's language as I wrote it down—"shall not be incurred pursuant to this paragraph except to refund debt originally incurred in compliance with paragraph (b)."

MR. MATHIAS: I think that is substantially correct.

PRESIDENT WITWER: Do you accept that, Mr. Meek?

MR. MEEK: I would accept that.

MR. KAMIN: I would recognize that Style and Drafting may have to play with that, but I think the idea has to be there.

PRESIDENT WITWER: All right, now the sponsors of the amendment, do they accept it, with the understanding that it will be cleaned up in Style and Drafting? Mr. Parkhurst?

MR. PARKHURST: Well, Mr. President, I think you just made a substantive change here that I, for one, don't agree with. If what you are now saying—which is contrary to the way I read (f) before—if what you are now saying is you don't want the General Assembly to issue G.O. bonds to refund all those billions—millions—of dollars worth of Illinois Building Authority bonds, I think we are making a mistake, because we could save a lot of money in interest if we did just that.

PRESIDENT WITWER: Mr. Mathias?

MR. MATHIAS: It was my understanding in drafting the language and in our discussions that if we were going to issue general obligation bonds for revenue bonds, we would have to go back to the General Assembly, even if they were refunding bonds; but that since the General Assembly had already authorized general obligations bonds, that you could refund those with general obligation bonds, or revenue bonds could be refunded with revenue bonds, in the same amount and within the term without going back to the General Assembly.

But if you are going to change the type of obligation, then what we intended at least, whether we said it or not, is that we would require approval of the legislature.

PRESIDENT WITWER: Thank you. All right, now are we about ready? Mr. Ladd, and then I think we are ready for the vote. And I'll state over the loud speaker system for those in the lounge, that there will probably be a division or a roll call very shortly, and we are now close to summation on the Mathias substitute for section 9. Mr. Ladd?

MR. LADD: Thank you, Mr. President. I don't intend to take a lot of time here, but I'd like to ask Mr. Mathias a question if he would yield, and that is, basically I would like to continue with this comparison of the state debt provisions versus local government provisions. I'd like to ask you, Mr. Ma-



thias, what the present situation is in regard to the issuance of revenue bonds concerning municipalities in the state. In other words, is this not a situation that can be done, for instance, if the revenue—if the bond companies think that the revenue is there, by actions of the city council?

MR. MATHIAS: I think that they—I am not an expert on municipal bonds, but I think that under the legislation now in effect cities are authorized to issue revenue bonds for a number of different purposes. I know that they do for water-works and sanitary districts, sanitation, and that sort of thing. The city council can authorize it, and they do issue revenue bonds.

MR. LADD: Thank you, Mr. Mathias. That was my understanding, because it has been done in a number of communities in which I have been acquainted, but I didn't know if it was a statewide provision.

But I think this, coupled with Delegate Perona's questions, and, of course, the remarks that he made, adequately points up the fact that if we stay with the present section 9 on debt provision—and notwithstanding some of the remarks that have been made—we have gone a long way to shackle the state while we have freed up considerably our local government provisions, which are really quite liberal today.

Now, I disagree with the comment that was made earlier, which I guess was a quote from the revenue report—the revenue report as it stands now—and I quote, “We have greatly liberalized the debt structure of the state of Illinois,” as Delegate Netsch has said. I don't think that's the case at all. I think we have made it considerably more restrictive, and that's not only my opinion, and it's not only the opinion of people of higher education—these are opinions that are widespread from knowledgeable people.

And I think that Delegate Mathias's amendment goes a long way to strike that happy medium between the earlier Netsch amendment and the extremely restrictive section 9 that we are faced with in the majority report as it stands now. And I would urge you to support the Mathias amendment. Thank you.

PRESIDENT WITWER: Thank you. Now I believe we are ready—Mr. Thompson has not spoken before on this? Yes, you have, Mr. Thompson.

MR. THOMPSON: I have not spoken to the main amendment. I spoke to my amendment, sir.

PRESIDENT WITWER: I beg your pardon. Go right ahead, sir.

MR. THOMPSON: Debt is very important. I will take as little time as possible. Every one of us in this room campaigned on the proposition that we had a bad situation with people circumventing the constitution and issuing these revenue bonds at higher interest rates.

We must have the same standard. We don't want to push the legislature into the issuance of revenue bonds, because they do cost more. If it's good, they will be able to issue G.O. bonds at least as easily as they can revenue bonds. We need the same thing.

I would urge the defeat of the Mathias amendment, and then I, for one, would be perfectly willing to go back and loosen up the report that we have in front of us. I'll be very glad to help in that respect, and we can also attach section (f) on the

bottom of the present report, because I think that is good.

But we must have the same standard; whatever that standard is, it should be the same. We do not want to encourage the issuance of higher-cost bonds by the people of the state of Illinois. This is costing the people money, so let's defeat the Mathias amendment and then go back and loosen up the majority report. The committee spent eight months on this, and I don't think we should come in here at the last hour with something that is very contrary to their thinking and the thinking of all of us when we ran our campaigns.

So let's don't move too hastily. The hour is late, but we can still fix this up and have a reasonable provision, and it will be a good one. Thank you.

PRESIDENT WITWER: Mr. Karns, would you like—Mr. Strunck, do you wish to speak? Mr. Karns, would you like to sum up for the committee on the Mathias amendment, or if there is no committee position—

MR. KARNS: Mr. President, I am one of the cosponsors of this. This is not the committee proposal, so I think someone else should sum up.

PRESIDENT WITWER: Now, who—Mrs. Netsch, are you a cosponsor? So both the chairman and the vice-chairman are on here, so we'll not have a committee position stated. Now, Mr. Mathias in summation?

MR. TUCHOW: Mr. President?

PRESIDENT WITWER: Mr. Tuchow?

MR. TUCHOW: Mr. President, I think that on behalf of the committee I would like to have Mr. Ray Garrison speak.

PRESIDENT WITWER: Are you authorized to speak for the committee, Mr. Garrison?

MR. GARRISON: No, Mr. President. I was on the minority position.

PRESIDENT WITWER: Yes, I think that this would be inappropriate. There is no committee position, apparently.

MR. GARRISON: Oh, yes, sir.

PRESIDENT WITWER: If you want to speak in your own right, Mr. Garrison. Is there a committee position on this that's been determined?

MR. GARRISON: There wasn't—yes, Mr. Elward is on the committee position—Delegate Elward.

PRESIDENT WITWER: Well, just a minute. Mr. Karns?

MR. KARNS: There was a committee position, and I think Mr. Elward has spoken to it perhaps.

PRESIDENT WITWER: I see. Mr. Elward has spoken, almost had a full ten minutes on this. Now, Mr. Garrison, if you want to speak we can recognize you before we go into summation.

MR. GARRISON: I would yield to Delegate Elward, since I dissented from the committee position. However, I will support the committee's position here against this amendment.

PRESIDENT WITWER: Well, now, Mr. Elward, do you feel impelled to speak again on this?

MR. ELWARD: Yes, Mr. President, because there is a committee position. A majority of the Revenue Committee did present to you a section that embraced all state debt from whatever sources; that it should be treated the same way; that there should be a provision either by two-thirds of the members of the General Assembly or by a referendum of the general public.



## VERBATIM TRANSCRIPT OF AUGUST 9, 1970

3869

We recognized that there might be delay problems. Among the things we considered was a two-tier system which would allow a certain amount of majority vote—debt—\$100,000,000, \$200,000,000, \$250,000,000—and then beyond that a mandatory referendum. We decided not to go for that. We decided to recommend to you what we have before you and what the Mathias amendment seeks to take out in its entirety by way of substitution.

I think that the arguments that have been made by the university officials, as I have indicated earlier and I shall not go over the same ground again in detail, are wholly without foundation. There is no problem of delay in building junior colleges or state universities today. We are way ahead in the General Assembly in authorizing money.

The problem is with the bond market and the building authorities and the universities themselves. The problem is not at the General Assembly end of the pipeline. They have been extraordinarily liberal and extremely generous; and they have also, with very little difficulty, raised the interest rates, which means that the students in these dormitories and student union areas have had to pay much higher fees, and will have to in the years to come, because of this kind of non-general obligation debt.

I think it should all be combined under one. I think the committee report is a good one. I think in view of what you have already done in the tax areas of this revenue article, that you should not now simply open the door all the way for building authorities, dormitory authorities, highway trust authorities, the proliferation of toll road authorities throughout the state. This is not sound, efficient, economical government.

And ladies and gentlemen, we are all going to be leaving here in a few weeks. A few of us have to go back and face the public. No one of us can claim to know exactly what the public wants or all of what they want, but I think I can tell you what the constituents in my district want, and they don't want a wide-open, unlimited debt activity, which is what you will get if you adopt the Mathias amendment. I urge its defeat.

**PRESIDENT WITWER:** All right. Mr. Mathias, now, in summation?

**MR. MATHIAS:** Yes, Mr. President. First with respect to the committee report itself, we have adopted much of the language of the committee report. There are a few principal changes. The principal change, of course, is that we would permit general obligation bonds to be incurred or authorized by a three-fifths' vote of the General Assembly rather than requiring a two-thirds' vote.

Secondly, we would permit revenue bonds to be authorized by a majority vote of the General Assembly, but we have separated the general obligation bonds and the revenue bonds.

I pointed out before, and it's been pointed out in the debate that the requirements that we now have with respect to the state are much more restrictive than the requirements that we have for our local governments. We think if this state is to function, we should loosen up these requirements somewhat.

I would like to say that I have talked to a number of organizations that do represent taxpayers, and they have said that they would support a requirement for a three-fifths' vote in the General Assembly, and they would support a requirement for

a majority on revenue bonds.

Reference was made to the \$550,000,000 of Building Authority bonds that have been authorized now—the buildings have not been built—and I want to point out that while it is not direct state obligation—it is not general obligation bonds—it just illustrates the point that we do issue bonds now, or authorize the incurrence of indebtedness, by a majority vote of the General Assembly. And this, in many instances, is going back to a three-fifths' vote so far as general obligation is concerned, and too, it would keep the requirement for a majority on revenue bonds.

With respect to the dormitories for students, I am certain that if the legislature wishes to authorize the dormitories be built from current revenues, the people in the universities would be very happy to have that done, and so would the students if it resulted in lower fees.

Incidentally, in the universities they do not all require the students to live in those dormitories. They have long lists of students who have other housing or that are driving miles—commuting for forty and fifty miles—in to the universities; they have long lists of those students that would like to get into this housing and pay these fees, and they would be much less than what they are paying now.

There is no limitation under this provision as to what the General Assembly wishes to do if they want to provide for these student dormitories or any other facilities, from current revenues or from general obligation bonds. They have not been built because the architects—you can't have the plans ready immediately—the architects aren't going to go ahead and build the plans and incur the expenses without knowing that the buildings are going to go.

This provision is not self-executing. It does require action by the General Assembly. It places in the hands of the General Assembly the restrictions which they wish to place on revenue bonds; and I think the provision for a three-fifths' vote, rather than a two-thirds' vote, is in accordance with what we have done in other areas, and I request your support—your vote—for this amendment.

**PRESIDENT WITWER:** Thank you. How do you wish to vote on it?

**VOICES:** Roll call.

**PRESIDENT WITWER:** Those who desire a roll call, please raise the hand. There are ten who do, so we will have a roll call now on the amendment sponsored by Mr. Mathias and seven or eight other delegates.

You have the editorial revisions that were made, and on this roll call—and I hope that those down in the lounge will come up. We are about to have a roll call. Will the doorkeepers tell the people out in the corridors that there is going to be a roll call?

On this roll call, those who will—may I have your attention, please? On the roll call, those who will favor the adoption of the Mathias amendment, substituting for section 9—now this is a motion to substitute for section 9—will say yes. Those who are opposed to the substitution of the Mathias amendment for section 9 will say no. Mr. Clerk, will you call the roll?

(Whereupon, the roll was called by the clerk and the following delegates gave an explanation of their vote.)

MR. COLEMAN: Mr. President, fellow delegates, I vote no, and I think I should explain my vote. I heard Mr. Mathias mention my name before, that I was for the 60 percent. At the time that I asked Mrs. Netsch would she accept the 60 percent, I wasn't for it. I was just trying to help her make her bill a little more palatable, and I'm still against a 60 percent rule, and I vote no. Thank you.

MR. DURR: Mr. President, I vote no. When you have one section that requires a three-fifths' vote of each house to issue bonds with one label on them and another section that permits the issuance of bonds with another label on them by a simple majority, I can't believe that we are going to have very many bonds issued with the label dealt with and provided for under subsection (b). We'll see an unbelievable rash or growth, I believe, in revenue bonds which, when the time comes to pay and it is determined that the studies were all wrong and there's not enough money to pay, there will then be emergency appropriations of one sort or another, also by a simple majority, and I think that this will just purely get around any, any extraordinary requirements for any bonds, any indebtedness of any state agency. No.

MR. J. PARKER: I am voting yes, even though I violently disagree basically with the philosophy of section (c). However, the basic reason why I am voting yes on this thing is because I don't feel that we should have a different standard for the state government that we put on some of the local government under the present status of it, and I think this is defeating the whole philosophy. I think we ought to liberalize the state debt. So I vote yes.

MR. TUCHOW: Mr. President, I am voting no on this. I believe that we labored long and hard in committee on this particular subject, and we thought that we had arrived at some sort of a compromise idea with the majority of the members of the committee by freeing up the state debt in the majority report.

And in answer to my good friend, Delegate Meek, it wouldn't make any difference as to whether we had a Democratic governor or Republican governor right now. Your allegiance is not to the governor; it should be to the people of the state of Illinois.

PRESIDENT WITWER: Mr. Kemp, do you rise to be recognized?

MR. KEMP: Only after the vote is concluded, Mr. President.

PRESIDENT WITWER: I guess that is all then.

Those voting in the affirmative were:

Alexander	Gertz	Mathias	Shuman
Anderson	Gierach	Meek	Smith, E.
Bottino	Green	Miller	Smith, R.
Brannen	Howard	Mullen	Sommerschild
Buford	Jenison	Netsch	Tecson
Butler	Johnson	Pappas	Tomei
Canfield	Kamin	Parker, J.	Weisberg
Cicero	Karns	Parkhurst	Wenum
Connor	Keegan	Peccarelli	Whalen
Davis	Kenney	Perona	Willer
Dove	Klaus	Peterson	Wilson
Dunn	Knuppel	Raby	Witwer

Evans	Ladd	Rachunas	Woods
Fay	Leahy	Reum	Wymore
Fogal	Macdonald	Rigney	Yordy
Foster	Martin	Scott	Zeglis

Ayes—64

Those voting in the negative were:

Armstrong	Friedrich	Lennon, W.	Ozinga
Arrigo	Garrison	Leon	Parker, C.
Borek	Hendren	Lewis	Patch
Carey	Hunter	Linn	Pughsley
Coleman	Jaskula	Lyons	Rosewell
Cooper	Johnsen	Madigan	Sharpe
Daley	Kelleghan	Marolda	Stemberk
Downen	Kemp	McCracken	Strunck
Durr	Kinney	Miska	Thompson
Dvorak	Laurino	Nicholson	Tuchow
Elward	Lawlor	Nudelman	Young
Fennoy	Lennon, A.	Orlando	

Nays—47

PRESIDENT WITWER: The Mathias amendment has passed by a vote of sixty-four, yea; forty-seven, nay.

Are there any further amendments on section 9?

MR. KEMP: Mr. President?

PRESIDENT WITWER: Mr. Kemp?

MR. KEMP: Mr. President, I make a point of inquiry, and depending on what the answer is, I would make a privileged motion. Was my understanding correct, sir, that today we would work from the hour of one until five?

VOICES: No.

PRESIDENT WITWER: I have never heard that.

MR. KEMP: If my memory serves me correctly, I recall a delegate who raised the issue of being able to work four hours a day, thereby giving us a total of eight. In the light of that then, I then move you sir, that we stand adjourned until eight-thirty tomorrow morning.

PRESIDENT WITWER: Very well. It's been moved by Mr. Kemp, seconded by Mr. Strunck, that we stand adjourned until eight-thirty tomorrow morning.

May I just throw a little bit of news out, not to influence your vote, but in anticipation that you might be getting hungry? We have sandwiches ordered to arrive very shortly, and they'll be downstairs with food at five-thirty. That doesn't mean, however, that we can't send them back.

Do you wish a division on this motion? All right, a division has been called for. Mr. Whalen, do you wish to debate the motion?

MR. WHALEN: I just want to oppose it, Mr. President. I think we have a lot of work to do. We are close to finishing this revenue article, and it seems to me just not to make any sense at all to stop now.

PRESIDENT WITWER: Thank you. Any further debate on this motion? I beg your pardon?

MR. DAVIS: Isn't this a motion to adjourn?

PRESIDENT WITWER: Yes.

MR. DAVIS: It is not debatable then, is it?

PRESIDENT WITWER: We have a pending matter before us. It is, I am told, debatable. (Conference off the record)



## VERBATIM TRANSCRIPT OF AUGUST 9, 1970

3871

with parliamentarian.) It is not debatable. I sustain the position of Mr. Davis. We have a pending matter and, therefore, it is not debatable.

Now, on the division—those out in the hall, we are about to take a division. The delegates will please take their chairs. Those who will favor the motion to adjourn this body until eight-thirty tomorrow morning will please raise the hand. Now will you lower the hands? Those who are opposed. The Kemp motion to adjourn has failed. The vote was yea, twenty-four; nay, sixty-eight.

And may the Chair suggest that we might think in the direction of a recess about five-thirty when the food will be here, if you would like to do that. You may choose not to go down or to go down, as you please. Mr. Lyons?

VICE-PRESIDENT LYONS: Mr. President, I'd just like to point out that when action on the revenue article is completed—if it is five-thirty or five-five or five-forty-five—I intend to make a motion to adjourn until tomorrow.

PRESIDENT WITWER: Well, that will be your privilege, Mr. Lyons. Mrs. Pappas?

MRS. PAPPAS: Mr. President, since the substance of an amendment which I have filed with the clerk was adopted in essence by this Convention by the adoption of the Mathias amendment, I would like at this time to withdraw that amendment. It sought to reduce the two-thirds- vote to three-fifths, and that has been adopted. Thank you.

PRESIDENT WITWER: Thank you. Now, I think we have some amendments on earlier sections—and—Mr. Marolda? Just a minute, Mr. Marolda has the floor.

MR. MAROLDA: I spoke to you the other morning in regards to—I have made no reservations after Tuesday, and you thought that was a very, very important issue—that you were going to bring it on the floor. Maybe I could move in with somebody. We were told after Tuesday we would not have any more room at the Leland Hotel. If we are going to finish our business by Tuesday, I am in good shape. If not, I don't know what I am going to do. I'll have to sleep out at the Fairgrounds. (Laughter)

PRESIDENT WITWER: Well, I think this is one of the reasons we are meeting today and hoping to work through as long as possible, Mr. Marolda. Mr. Thompson?

MR. THOMPSON: Thank you, Mr. President. I have one brief amendment that will take only a minute.

PRESIDENT WITWER: This is on section 9?

MR. THOMPSON: Yes, it is.

PRESIDENT WITWER: May we come to order, please? Mr. Thompson has an amendment. Is it in the hands of the clerk?

MR. THOMPSON: No, it isn't. It's very brief and very simple. It will not take very much time. We discussed it some at first reading. It's in section (d) which refers to emergencies.

PRESIDENT WITWER: Is this section (d) of the Mathias—

MR. THOMPSON: Yes.

PRESIDENT WITWER: Now, before we get to that, may I point out that while we have had a roll call on substitution, we have not as yet adopted section 9 as amended by the Mathias amendment. May we do that now, and then you can deal with that, sir.

MR. THOMPSON: It is still amendable. I don't think—we haven't accepted any of the revenue article, sir. It's not necessary.

PRESIDENT WITWER: No, just so we understand, but I think, having taken the vote on substitution, we should now, perhaps, proceed; and then you can amend that. Does your language apply to the Mathias amendment, Mr. Thompson?

MR. THOMPSON: Yes, it does apply to the Mathias amendment, sir. We have not been doing that at all.

PRESIDENT WITWER: Just a minute. Mr. Cicero?

MR. CICERO: Point of order, Mr. President. I believe that the motion which we just adopted did substitute the Mathias language. It is now the pending language, and we have not been taking any action to adopt individual sections until the end of the entire section.

PRESIDENT WITWER: I think you are right. The Chair sustains your objection. Now, we'll take Mr. Thompson's amendment.

MR. THOMPSON: Thank you, Mr. President. If you will look at section (d) of the Mathias amendment, after the word "law," I would like to insert "in an amount not exceeding 15 percent of the state's appropriations for that fiscal year," and then continuing on—"caused by emergencies or failure of revenue"—with appropriate commas.

PRESIDENT WITWER: Would you read that again, please?

MR. THOMPSON: After the word "law,"—"State debt may be incurred by law"—comma—"in an amount not exceeding 15 percent of the state's appropriation for that fiscal year"—you can see the language up above in the previous section. Instead of 5 percent I would make it 15 percent for this case, and then I would like to speak to it, if it is seconded.

PRESIDENT WITWER: Who seconds? Mr. Elward will second your motion.

MR. THOMPSON: Thank you very much. I talked to the counsel for the Revenue Committee. He said this would be very adequate.

My only reason for offering this amendment is the word "emergencies" bothers me a little bit. We've been down here for eight months and have been in a constant state of emergency, and I just do not want this section to be used as an excuse for continual deficit financing. The 15 percent is a very generous figure, and the revenues are usually anticipated within 3 or 4 percent—usually much closer than that.

I just do not want this "emergencies or failures of revenues" to be used as an excuse to put this state in the position of continuous deficit financing. I do not believe it harms the provision at all, and I urge your support. I think it is a good amendment. Thank you.

PRESIDENT WITWER: Thank you. Any further debate? Mr. Mathias, do you wish to speak to it?

MR. MATHIAS: This particular provision was not changed in the amendment which I had. It is identical to one the committee had, and I would defer to Chairman Karns.

PRESIDENT WITWER: Mr. Karns, do you wish to speak for the committee concerning this change in section (d)?

MR. KARNS: The committee never discussed this, Mr. President. I personally have no objection to it.



PRESIDENT WITWER: Do you have any objection, Mr. Mathias?

MR. MATHIAS: I did not discuss this with the members of the committee who presented the amendment. We made no changes. I can see where 15 percent might be—by failures of revenues it could be rather low, but 15 percent of what is this—of \$3,000,000,000, or how many dollars are we talking about?

MR. THOMPSON: Of the appropriated total budget, or the appropriations for that fiscal year. It is a very high figure, Mr. Mathias.

MR. MATHIAS: Okay. I have no objection.

PRESIDENT WITWER: Mr. Connor?

MR. CONNOR: I concur with Delegate Thompson's intent not to let deficit financing become a continuous mode; but my reservation is if you say 15 percent, then that somehow seems to me to imply, well, everything up to 15 percent is okay.

I'd like to hear somebody from the committee comment on the budget we are talking about—what 15 percent is, what the state's practice has been, and so on and so forth. It may be that 15 percent is an unbelievably large amount. I don't know. I'd like to have somebody on the committee discuss this.

PRESIDENT WITWER: Mr. Karns, do you wish to discuss it further?

MR. KARNS: I don't know. It is a matter of judgment, Mr. President; 15 percent of the budget or the appropriation is 15 percent of what—approximately \$5,000,000,000—I think something like 15 percent of \$5,000,000,000, which would be what—\$750,000,000—which is not a mere bagatelle, I assume. (Laughter)

This section, of course, is—

PRESIDENT WITWER: May we stay in order, please?

MR. KARNS: —“State debt may be incurred to meet deficits caused by emergencies or failures of revenues.” I don't anticipate this would cause any problem. This is a fairly standard provision in most constitutions, and “emergency or failure of revenue” might be—as it implies, it's something that is unforeseen. It is not anticipated. I suppose a major depression; a catastrophe of some sort. You can't imagine what it is. But I would think 15 percent of the current budget would be a lot of money.

MR. THOMPSON: Yes.

PRESIDENT WITWER: Thank you. Any further debate on it? Mr. Mathias?

MR. MATHIAS: A question of Mr. Thompson. Delegate Thompson, you would permit state debt to be incurred to meet deficits or emergencies up to 15 percent of the current appropriations. If the General Assembly needed more money, could they go back to section (b) and by a three-fifths' vote get the additional funds, or is this an absolute top on the amount that might be incurred to meet emergencies?

MR. THOMPSON: They could go back to section (b). This has nothing to do with section (b) at all.

MR. MATHIAS: Then I think if the General Assembly can provide for emergencies—if this is not a limitation on the total amount—that they can provide any amount they need under section (b) by a three-fifths' vote, I think the majority vote under (d) of 15 percent would not be objectionable.

PRESIDENT WITWER: All right, then we'll—let's take it as an amendment. Yes, Mr. Perona?

MR. PERONA: Mr. Thompson brought this matter up on first reading, and the committee implored him not to pursue it at the time because we didn't have any feeling for what was the proper figure.

I think 15 percent is reasonable. This is only—the section is in here mainly because of the state's reliance on income tax now, and the possibility that a depression could cause severe differences between estimated income tax receipts and what was actually realized.

This is strictly one-year, short-term debt to cover failures of revenue, and I think it is a perfectly acceptable figure for this purpose.

VOICES: Question.

PRESIDENT WITWER: All right. The question has been called for on the amendment of Mr. Thompson which would insert the words—after the word “law” in the first line of (b)—the words, “in an amount not exceeding 15 percent of the state's appropriations for that fiscal year.”

Those who would favor it, please say aye. Those opposed, nay. I think the ayes have it unless somebody would question it. All right. The ayes have it.

Now, we have an amendment, I believe, by Mrs. Kinney, going back now to one we missed—Mr. Perona?

MR. PERONA: Mr. President, I have an amendment being prepared to section 9. We could come back to it later if you'd like.

PRESIDENT WITWER: Yes. We'll be coming back. Mrs. Kinney, would you like to present your amendment to 3? Would the clerk read it, please? Has it been distributed?

MRS. KINNEY: I have two.

CLERK: Amend section 3 by deleting the last sentence in its entirety and substituting, in lieu thereof, the following:

Any such tax imposed on corporations shall be at a ratio of eight to five of the rate of such tax on individuals, and no such tax imposed on individuals shall exceed the rate of 5 percent unless the law providing a higher ratio or rate is passed by the vote of three-fifths of all the members elected to each house of the General Assembly, or is passed by a majority of all members elected to each house of the General Assembly and such law is approved by a majority of the electors voting on the question in a referendum.

MRS. KINNEY: Thank you.

PRESIDENT WITWER: Is it seconded? Seconded by Mr. Hendren. Mr. Karns?

MR. KARNS: Point of order. Is this amendment in order? Did we not vote on this yesterday—the precise thing?

PRESIDENT WITWER: Mrs. Kinney, will you explain in what respect your amendment differs from the vote taken yesterday on the eight to five ratio?

MRS. KINNEY: We had never considered in the eight to five ratio any flexibility by three-fifths or by a majority in a referendum, and we had never considered a combined proposition of the eight to five ratio—

MR. KARNS: I think we did.

MRS. KINNEY: —with a ceiling on the rate for individuals. Also, this is a mandatory ratio.



Mr. Meek, we had closed debate. Did you have—

MR. MEER: I have a point of personal inquiry to fill a gap which I always find is very deadly in this place. Could I ask you—is it within my province to ask what the status of the revenue section is, as far as future work? How near through are we with this thing? Is there any—

PRESIDENT WITWER: Well, we have, Mr. Meek—we have three more amendments that are pending here—four more—and I have no way of knowing—five more—and I have no way of knowing how long they'll take.

MR. MEER: Thank you, sir.

PRESIDENT WITWER: All right. I think we're ready now on the division, and if the doorkeepers will just tell the people that they will be counted in a moment, if they'll wait until we have completed the count of those in their seats. The delegates who would like to be counted, would you kindly be seated so that it will be easier for the clerk? If you walk around, there is the danger of duplication. Mr. Parkhurst, could we get you in one of the seats back there, kindly? Thank you very much.

Now, we're on—we're on division, and those on this vote who would favor the adoption of the Weisberg amendment to limit the eight-to-five ratio to a period ending January 1, 1979, will raise the hand. If you'll lower the hands, those who are opposed. Are there any outside who wanted in, before you give me that? Apparently not. Thank you. The Weisberg amendment has failed. The vote was thirty-two, yea; fifty-six, nay.

Now, Mr. Hendren, do you have an amendment you wish to pursue?

MR. HENDREN: Yes, I do, Mr. President.

PRESIDENT WITWER: Will you read it, Mr. Clerk?

CLERK: Amend section 4, page 2, line 15, by inserting the following: "with over 100,000 inhabitants," between the words "counties" and "may."

PRESIDENT WITWER: Is there a second? By whom? Mr. Woods. Mr. Hendren?

MR. HENDREN: Mr. President, if the clerk would read the first sentence, then, of 4(b), I think people would understand it a little better, and I would at this time like to change the 100,000 to 200,000.

PRESIDENT WITWER: All right, this is Mr. Hendren's motion. He may change it to two with the consent of the seconder—200,000, Mr. Woods?

MR. WOODS: Yes.

MR. HENDREN: This is final, final, final.

PRESIDENT WITWER: All right. He says this is final, final, final—200,000 inhabitants. I beg your pardon? Would you read the sentence—first sentence?

CLERK: Section 4(b) would then read:

Subject to such limitations as may hereafter be prescribed by law, counties with over 200,000 inhabitants may classify or continue to classify real property for purposes of taxation.

MR. HENDREN: Thank you, Mr. President, I have talked with a good number of delegates here, and they have no objection to this, and I certainly don't want to use very much time.

This takes us back to the original committee report for

DuPage, Kane, Lake, Madison, St. Clair, Will, and Winnebago counties, a total of seven. I think the merits and demerits of this have been argued many, many times. You all know where I'm from and what I do, and I feel obligated to present this. I think it's a good thing for the state; so I ask other delegates, unless they have strong feelings, to discuss it very lightly and let's move on. Thank you.

PRESIDENT WITWER: Thank you. Does anyone desire to discuss it lightly? Mr. Miller?

MR. MILLER: Mr. President, could Mr. Hendren tell us what counties have over 200,000 population? Did he? I'm sorry. I beg your pardon.

PRESIDENT WITWER: I missed something here.

MR. MILLER: Mr. President, I have to apologize to the body for not hearing it. I was in a conversation. Could he possibly reread them, please? Thank you.

MR. HENDREN: Yes, I'll be glad to. Of course, Cook—I don't think I mentioned it, but we all know Cook—then DuPage, Kane, Lake, Madison, St. Clair, Will, and Winnebago.

PRESIDENT WITWER: Thank you. Is there any discussion? Mr. Garrison?

MR. GARRISON: Mr. President, briefly, I'd like for the record to note that the Volume 49 of the *Chicago Bar Record*, pages 379 and 380, June, 1966, sets forth the argument that a different method of classifying real estate between Cook County and other downstate counties would violate the Fourteenth Amendment of the Federal Constitution. Thank you.

PRESIDENT WITWER: Thank you. Are we ready? We're now on Mr. Hendren's amendment which would insert the words "with over 200,000 inhabitants" between the words "counties" and "may" in line 15, page 2, section 4. Those who would favor it, please say aye. Those opposed, nay. It is carried.

Now, I think we have a further amendment on section—what is the status of section 5, Mr. Clerk? I was out of the room when Mr.—what did we do with the revision? Was it accepted? It has been accepted. Thank you. So there's nothing further on 5, 6, or 7. The next in order would be Mr. Perona's amendment on 9(b). Will you read it, Mr. Clerk?

CLERK: Amend section 9(b) by substituting the following in place of the present section 9(b):

State debt for specific purposes may be incurred or the payment of state or other debt guaranteed in an amount not to exceed 5 percent of the assessed valuation of taxable property in the state, and such debt in excess of that amount must be approved either (then continue as in 9(b) in the Mathias amendment) in law passed by the vote of three-fifths of all the members elected to each house of the General Assembly or in a law approved by the majority of the electors voting on the question at the next general election following passage. Any law providing the incurring or guaranteeing of debts shall set forth specific purposes and manner of repayment.

PRESIDENT WITWER: Is it seconded? Who seconds? Mr. Peccarelli seconds. Mr. Perona, will you speak?

MR. PERONA: Mr. President and fellow delegates, section 9 as now constituted appears to encourage the legislature,



## VERBATIM TRANSCRIPT OF AUGUST 10, 1970

3897

if it wants to go into debt, to go into the revenue type of debt, which, of course, is more costly in the way of interest and would cost the people of the state of Illinois more money.

Section 9 also is more restrictive, insofar as the state of Illinois is concerned, then it is insofar as the city of Spring Valley is restricted under the sections of the local government article. Towns over 100,000 in the state have a 3 percent debt—3 percent of the assessed value—which can be approved by a majority of the city council. Towns between 10,000 and 100,000 have debt of 2 percent of the assessed value that can be approved by a majority of the city council; and, as I understand it, cities under 10,000 have 1 percent limitation. So that it just seems to be a contradiction in concept to permit municipalities which are subdivisions—and, to some extent, necessarily creatures of the sovereign state—to have more flexibility in incurring debt than the sovereign state of Illinois.

Now, there are two ways of eliminating this contradiction and conflict: One is to loosen up the state debt limit, and the other is to tighten up the municipal debt limit. It doesn't make any particular difference to me, but I think that we should do one or other; and I think that there is the additional advantage of loosening up the state debt limit in that we then would not encourage the state to use revenue debt because of its ease of use under the section 9 as presently constituted.

I solicit your support of this amendment.

**PRESIDENT WITWER:** Thank you. Does anyone else wish to speak on Mr. Perona's amendment? Is there a position on this, Mr. Mathias, that you wish to state in view of the fact that it's an amendment to yours?

**MR. MATHIAS:** Well, I think Mr. Perona's amendment very well points up the difference that has been made with respect to the state indebtedness and the debt that may be incurred by municipalities, but I personally do not wish to take any position on it. I had not discussed it with the group that worked with me in preparing this amendment.

**PRESIDENT WITWER:** Is there any further debate on it? If not, are you ready? Mr. Woods?

**MR. WOODS:** Mr. President, the Perona amendment sure makes a lot of sense.

**PRESIDENT WITWER:** All right. Are you ready? Those who would favor—how do you wish it, voice vote or division? Division has been requested. Those who will favor the Perona amendment will please raise the hand. This is on the Perona amendment, modified (b). Now if you will lower your hands, those who are opposed. The Perona amendment has passed by a vote of yea, seventy-one; nay, eleven.

And now we're on Mr. Durr's amendment to section 9(e). Would you read it, please, Mr. Clerk?

**CLERK:** Mr. Durr has two to 9(e). Which one? Okay. Amend section 9(e) by changing the period at the end thereof to a comma and adding: "on two separate votes of the General Assembly with a general election intervening."

**PRESIDENT WITWER:** Is there a second? Mr. Lyons seconds it. Will you speak, Mr. Durr?

**MR. DURR:** Thank you, Mr. President. Ladies and gentlemen—

**PRESIDENT WITWER:** Mr. Durr has the floor, and let's give him our attention.

**MR. DURR:** Ladies and gentlemen, we are talking about

the debt of the state. The way this section is now structured—even with the Perona amendment, which was a good one—we find ourselves with a built-in incentive to rely on revenue bonds, because they'll be easier to issue because there'll be no control by the people at all.

Now, this proposal deals only with subsection (e) and is directed to some control over the revenue bond type of debt—some control by the people themselves, I mean.

Keep in mind that we now have the state authorized to borrow during a fiscal year to balance the income and outgo. Keep in mind that we have authorized the General Assembly to incur up to some \$750,000,000 in emergency debt at this point, based on this, our current budget situation, without any control by the people; and we provide, as I see it, very little safeguard for the people's money.

We're not talking about the mere \$750,000,000. We're talking about the big money, and I submit to you that it's worthwhile. We talked about this in the Revenue Committee. We set it aside in favor—and instead chose the system which we felt was better, which you have turned down, and so I thought I would submit this alternative to you; but I submit to you that there's some merit to the idea of permitting the people themselves at a general election to express to their representatives their view on the incurring of the debt that could not be taken care of with the \$750,000,000 emergency powers that we've given them.

Thank you.

**PRESIDENT WITWER:** Thank you. Mr. Mathias?

**MR. MATHIAS:** Well, Mr. President and fellow delegates, I live in Bloomington, Illinois, and this was discussed yesterday as though it affected only universities and toll roads. First of all, the building authorities are under something else. It would still apply to universities and toll roads, but I want to point out—and I was rather surprised at the vote we got yesterday—I want to point out some other areas that are involved and in which this would require a vote on two sessions of the General Assembly. We have—

**PRESIDENT WITWER:** May I—may I interrupt, please? Let's stay in good order. We'll get right on with our work if we do.

**MR. MATHIAS:** We have a Metropolitan Transit Authority, which is the CTA in Chicago, and the governor and the mayor appoint the—that board. They have certain bonding powers, and if you're going to make any changes in that bonding power—the interest rates on those bonds or obligations—then you're going to pass it in one session of the General Assembly, wait for a second session after an election has intervened. It applies to Metropolitan Transit Authority, as well as to university bonds.

We have the Illinois Housing Development Authority, and it has seven members that are appointed by the governor. It's one of the state agencies that's—that is involved. It issues mortgages or other loans to nonprofit housing corporations. Most of those are in the city of Chicago; they're in the larger urban areas. This, again, would be affected by this limitation. It would be two or three years before you could do anything with respect to it.

We have the Metropolitan Fair and Exposition Authority which is building McCormick Place. That, too, is involved;



it's a—in this limitation—and again we would have this sort of a provision.

We have the Chicago Regional Park District Authority, and I know how much difficulty we had getting that authorized, because I was involved in it—getting it authorized by a majority vote; and if we—if they need changes, they are going to need them fairly fast and not have to wait for two sessions of the General Assembly.

There are also the Chicago Skyway bonds that are involved. I know—don't remember the name of the authority, but—it isn't generally known—but there are transfers from the road fund to pay part of the interest and obligations of those bonds.

All those things are involved. It isn't just university buildings, or it isn't toll roads. There are a great many things involved that were not mentioned yesterday, and I think we should defeat the Durr amendment and get on with our business. I hope they will vote against it.

**PRESIDENT WITWER:** Thank you. Mr. Brannen?

**MR. BRANNEN:** I know that debt is a complicated subject, and it's hard for those of us who haven't spent a lot of time looking at this problem to understand the types of transactions that are involved.

This amendment is a particularly bad one. Let me walk you through a transaction and see if you can see why this just is not practical at all.

The Illinois Housing Development Authority has to secure from the General Assembly an authorization for what, in effect, is a line of credit. They then construct housing, issue interim construction bonds, receive federal money for the use in financing the mortgages on these homes, and then carry the mortgages after the homes are built by issuing bonds under their own name.

There is no tax revenue of the state of Illinois used to retire these bonds. They are retired by the payments on the mortgages. The only contingent liability that exists to the state is that if there's a default on the bonds, the governor is required to include in his budget message a request for appropriation in an amount sufficient to make up the deficiency. There is no requirement that the General Assembly make that appropriation, although, certainly, there is a strong moral obligation to do so.

At the present time, these authorizations for credit limits are approved by a majority vote of the legislature. With the federal funds that are involved, if you are required to wait to have an intervening election, these projects could never go forward; the federal money would be gone. Timing is of the essence in these projects; and, in effect, this particular amendment would put that particular authority out of business completely.

I urge you to defeat this amendment.

**PRESIDENT WITWER:** Thank you. For what purpose do you rise? You are not in order, sir. There are others ahead of you. I'll put you on the list. Mr. Green?

**MR. GREEN:** Well, I'd like to speak just a moment with regard to education. Now, yesterday, it was—it was said that the dormitories and the buildings that higher education has built through the revenue method needed some extra control. Higher education really could care less how you finance dormitories. It really has had no alternative under the present

debt structure. Now, higher education is perfectly willing to finance dormitories and student centers and stadiums through general obligation bonds; and the last sentence of the Mathias proposal says that the purpose and the amount has to be authorized by law, so any time the General Assembly doesn't want to finance dormitories or student centers any longer, all it has to do is pass a law that those things won't be financed by revenue issues.

Now, it's also true that the boards of education and the General Assembly has been very proud in Illinois that student centers and that dormitories and stadiums with astroturf and all the other bad things that have been done will be done by the revenue from those purposes. Now, this has been the philosophy.

Now, if the state doesn't want to continue with the fact that student centers should be paid for by students, all it has to do is, by law, say that student centers will be financed by general obligation bonds. So, from the purpose of regulating higher education's bad building practices, all you have to do is decide you don't want to do it by law. You don't need some constitutional mandate and a referendum by the people to say that; and I think, actually, higher education should at least enjoy the flexibility of the 1870 Constitution when it comes to the use of revenue bonds. Thank you.

**VICE-PRESIDENT SMITH** (Having assumed the Chair): Thank you, Delegate Green. Father Lawlor?

**FATHER LAWLOR:** Mr. Vice-President and fellow delegates, I'm still looking to see where the lid is on the spending here. Mr. Mathias tells us it's not just colleges and universities or toll roads, but there's all kinds of Illinois housing developments, there's the Metropolitan Fair and Exposition Authority and so forth—the Skyway bonds—now if each of those departments or authorities or corporations or quasi-corporations of the state listed in paragraph (e) are able to spend money and get it approved by a simple majority, when they are unable through their revenues to pay it off, we are told that the governor must include it in his budget.

Now, when he presents his budget to the General Assembly, then they have some sort of a moral obligation of coming through with the money to pay off these debts in which the revenues—the anticipated revenues—failed.

Now, I submit we have a big white elephant in Chicago, the Skyway, and it's been in trouble for a long time. I also observe that when they put in the Circle Campus, I think the original estimate was \$250,000,000. I think it's going up to about \$500,000,000; there's no knowing where it stops. I think the state is paying for that type of thing, telling us that dormitories and student centers and astrodomes and so forth will be paid through revenues. If that kind of money is available to pay for those through revenues, why shouldn't it also be used to pay for the erection of all the buildings at the university, or why can't those same people be paying a higher tuition to take the burden off the state?

I still believe that that paragraph (e) is an open door to unlimited spending with no protection behind it except the state itself. And this is an indirect taxation; although we say in other paragraphs there shall be no payment directly or indirectly from tax revenue, how else can the state get it, if the General Assembly has a moral obligation to come up with the money,



## VERBATIM TRANSCRIPT OF AUGUST 10, 1970

3899

they've got to come from some source, and I know of no other source that they can come from than some type of taxation.

I think there is something really wrong here, and I wish that the men who are the experts in the field of revenue would forget what party they belong to and come forth and give us an honest, complete analysis of this before we tie ourselves into something that will bind us for the next twenty or forty years.

VICE-PRESIDENT SMITH: Thank you, Father Lawlor. Delegate Elward?

MR. ELWARD: I rise to support Delegate Durr's amendment, if for no other reason than that we all—and myself included, I think—got caught a little on the Delegate Perona amendment.

The Delegate Perona amendment—and I think it does have some bearing, although it's a different kind of debt—which this body in its infinite wisdom just passed a few minutes ago, lets the General Assembly by simple majority vote obligate the state for up to \$2,000,000,000 of debt, because that's what 5 percent of the assessed valuation of the state—I see some of the big spenders over there waving their hands—unfortunately, in their precincts this will not be as popular as it is with them personally, I suspect—having now in our infinite wisdom, as I say, decided that we should let the state have general obligation bonds backed by the real estate of the state to the tune of \$2,000,000,000 by a simple aberration of the General Assembly on any given day, I think we'd ought to do something about the dormitories other than burn them down; and maybe one of the things with the dormitories, the toll roads, the building authorities, the highway trust authorities, and so on, is that we ought to slow that process down somewhere along the line.

There may be a middle road between the Durr amendment and the Perona amendment where sanity can return, but for the moment it seems to me like Delegate Durr is the last lifesaver we have as we drift out here in the middle of the ocean, and for that reason, I support it.

VICE-PRESIDENT SMITH: Delegate Perona, do you wish to respond on the subject—debate—or—

MR. PERONA: I'm sorry, Mr. Vice-President. What was the question?

VICE-PRESIDENT SMITH: You were brought into the debate. I wondered if you sought to respond.

MR. PERONA: I don't think my name was used in vain, so I won't respond.

VICE-PRESIDENT SMITH: Very well, sir. Delegate Whalen?

MR. WHALEN: A question for the sponsor, Mr. Vice-President, if he'd yield to a question.

VICE-PRESIDENT SMITH: Will the sponsor, Delegate Durr, yield to a question?

MR. DURR: Yes, sir.

MR. WHALEN: This is an extraordinary limitation, Delegate Durr. It's more binding than the United States Constitution imposes upon limiting itself, and I was wondering if there was any precedent for this in any state constitution, United States Constitution, or any other constitutional document in another country.

MR. DURR: The precedent that comes to mind right offhand is the fact that we talked about it for about a month in

the Revenue Committee, but I would suggest that you might get on thin ice if you're saying that since we don't have it in the Federal Constitution, we ought not have it here. A lot of people, from what I hear, wouldn't particularly want us to pattern our revenue after what we've got at the federal level.

MR. WHALEN: Thank you.

VICE-PRESIDENT SMITH: Thank you. Delegate Parkhurst?

MR. PARKHURST: Well, Mr. Vice-President, I've been thinking about the Perona amendment, as have others—including Delegate Elward, as he commented a moment ago—and I think maybe there should be some second thoughts about that. I have talked to Delegate Perona about it myself, and I think maybe we've got some holes in the doughnut there that we ought to examine. But with regard to the Durr amendment, it seems to me that the extraordinary requirement in (e) which would be to have two sessions of the General Assembly approve basically a revenue bond improvement, as distinguished from a general obligation bond improvement or an Illinois Building Authority bond improvement, is unreasonable.

We have now said, in paragraph (b), that the latter type of capital improvements, that is, general obligation bonds or Illinois Building Authority bonds as we now know them, would have to have the extraordinary requirement of three-fifths, assuming that we reconsider or somehow clarify the Perona amendment.

Well, now, that's one kind of a thing. Three-fifths in one session of the legislature is—harder to get, certainly, than a majority, but it doesn't postpone the capital improvement for up to four years. Now, it seems to me the trouble with the Durr amendment is—and I sympathize with the idea of some restriction—but by the very nature of the thing, a revenue bond improvement like a dormitory or like a toll road or like a—anything that produces revenue, has an element of timeliness about it. It's needed now, and to force a postponement of any kind of approval for a currently needed improvement of that nature which would be paid for by its own self-generating revenue, I submit, is not a very reasonable limitation.

I, for one, would rather apply the extraordinary test of the extraordinary majority rather than a time-lag test which is the approach of Delegate Durr's in his amendment, particularly in view of the fact that it applies only—only—to revenue-producing capital improvements; and those, it seems to me, almost by definition, are the kind of capital improvements that are needed now and not where a delay in approving them would not be reasonable.

VICE-PRESIDENT SMITH: Thank you, Delegate Parkhurst. Are there other delegates that seek to be heard on the Durr amendment? If not, the Chair will ask Chairman Karns if he or a member of his committee wishes to respond before Delegate Durr is invited to close the debate.

MR. KARNS: I would yield to Mr. Mathias on this.

VICE-PRESIDENT SMITH: Delegate Karns yields to Mr. Mathias.

MR. MATHIAS: Well, Mr. President, first with respect to the Illinois housing bonds, I think Mr. Brannen made it clear that those are revenue bonds, except that in the event the revenues are not sufficient from the mortgages that are issued by the housing authority to pay the indebtedness, then in that



case, there is a provision in the act for including the deficit in the state budget. With respect to all of these other areas, these are revenue bonds. They are payable solely from the revenue bonds, and the lid—there are two lids: One is what the General Assembly may fix, and may authorize. The second is a very practical lid, and that is the market place; and each of these bonds, before they go on to the market, have a feasibility study, and the bond buyers look at those very carefully, and not all of the bonds that they would like to issue on a revenue basis are authorized or are salable. They just do not go unless it shows from the feasibility study that there is a very good likelihood that these bonds are going to be repaid from the revenue.

Now, I was a former CTA rider. I have ridden that, and I think it would be a lot of consolation to a strap-hanger to know that before the CTA can issue additional bonds to buy additional buses, they are going to have to go to three—to two sessions of the legislature and wait for two or three years.

The same thing, for a student that wants housing, for that matter—when he comes in as a freshman, they say, “We are going to build that housing project in two or three years,” and it takes them two years, then, from the time it’s finally authorized to build it. If he stays on for his master’s degree, he might get into that housing project.

I know that in the St. Louis area, there are a great many people that think there should be an airport over on the Illinois side of the river, and there’s a great deal of agitation down in that area to have that. Much of it—the state’s portion—would be financed by revenue bonds. I think the people in that area would be greatly disappointed if we had to wait for two sessions of the legislature before there could be any commitment from the state for a revenue bond to build an airport on the east side of the Illinois River.

So I—then we—the other day, we had a transportation article, and we authorized the state to make contributions and guarantee indebtedness, I believe, of agencies that were going to furnish transportation in the various areas of the state. It would be wonderful for these transportation authorities that are set up, if they have to wait for two sessions of the legislature before they may do anything about it. I think this is entirely impractical, and I urge the defeat of the Durr amendment.

**VICE-PRESIDENT SMITH:** Thank you, Delegate Mathias. Delegate Durr?

**MR. DURR:** Ladies and gentlemen, just to show how bad a shape we are on this revenue proposal, I have been described as a lifesaver, and if you don’t think that means we’re in trouble, you’d better think again!

Let me just tell you, though, Delegate Mathias is telling you what the people of Madison County believe, but the only sensible site for that airport is five miles from my home, two miles from the city for which I’m city attorney, and I ran for this position from that area. I have lived there all my life, and I can tell you, Delegate Mathias, that you are wrong. The people down there would be greatly relieved if they had an opportunity to cast their vote for representatives and have a general election intervening so that they could tell their candidates for office what they thought of having bonds issued and having debt incurred, either by the state or by some airport

authority or building authority or highway authority or any other authority. They want to have some say over the money and indebtedness that’s going to be incurred and which their children and grandchildren are going to be paying off.

Now, this talk of some of the delegates about the delay—the delay here, the delay there—two years—four years—we’re talking about yearly sessions of the General Assembly. We’re talking about a General Assembly that, theoretically, should be on top of these projects. It’s going to know ahead of time when you’re going to spend billions of dollars.

We’re not talking about \$750,000,000; we’ve authorized that on an emergency basis. If they need a dormitory for a measly \$2,000,000 or \$3,000,000, what’s \$2,000,000 or \$3,000,000 among friends? They can go ahead and build that with an emergency appropriation—we’ve authorized it. They’ve got \$750,000,000 in emergency power without any voter control.

We’re talking about billions of dollars; and if you’re sitting here and telling me or telling the voters of this state that you’re going to rush into billion-dollar projects without two or three years of study to see whether it’s needed, to see whether it should be built here, to get the land, to figure out what soil is under it so that it’ll hold it or whether you need caissons, to see what the traffic flow is, to find out what your highway access is, you’re out of your minds.

**VICE-PRESIDENT SMITH:** Thank you, Delegate Durr. Are we ready for the question? A division has been requested. Are there five or more? There appear to be.

The question is on the adoption of the amendment submitted by Delegate Durr, an amendment to section 9(e) of the Revenue Proposal No. 8. All those in favor of the adoption of the Durr amendment will raise one hand. The doorkeeper will please secure the door. All opposed—will the doorkeepers please secure the door? All opposed, raise one hand, not including the latecomers, please.

**MR. DOORKEEPER,** are there others that are seeking admission?

I am advised it is not close, and on that basis, I will announce that the motion failed. The nays are fifty-eight; the yeas are eighteen.

I would ask the doorkeepers, please, to—on division votes—secure the doors, and after the vote has been taken, the delegates awaiting admission will be admitted and will be given an opportunity to vote. And that applies, if you please, to all doorkeepers and all delegates. Thank you.

Delegate Lewis?

**MR. LEWIS:** Mr. Vice-President, having voted in the affirmative for the Perona amendment, and having second thoughts, I now move to reconsider the vote by which we passed that amendment.

**VICE-PRESIDENT SMITH:** Moved by Delegate Lewis, seconded by Delegate Scott, that the vote by which the Perona amendment was adopted be reconsidered. Is there debate on the question of reconsideration? Delegate Cicero?

**MR. CICERO:** Mr. Vice-President, in the shuffle of papers here and in the confusion or the deftness with which the Perona amendment went through, I don’t have it; and I think other people may wonder exactly what the language is. I wonder if the clerk could read the language we are now reconsidering?



## VERBATIM TRANSCRIPT OF AUGUST 10, 1970

3901

VICE-PRESIDENT SMITH: That can be done. The clerk advises he has some additional copies which will be distributed to those who do not have a copy of the Perona amendment. Please advise the page.

Mr. Clerk, will you please read the Perona amendment?

CLERK: Amend section 9(b) by substituting the following in place of the present section 9(b):

State debt for specific purposes may be incurred or the payment of state or other debt guaranteed in an amount not to exceed 5 percent of the assessed valuation of taxable property in the state, and such debt in excess of that amount must be approved either (and then continue in 9(b) of the Mathias amendment) in a law passed by a vote of three-fifths of the members elected to each house of the General Assembly, or in a law approved by a majority of the electors voting on the question at the next general election following passage. Any law providing the incurring or guaranteeing of debts shall set forth the specific purposes and the manner of repayment.

VICE-PRESIDENT SMITH: On the subject of the motion to reconsider, Mr. Meek, do you seek to be heard, sir?

MR. MEEK: A question of Mr. Lewis, if I may, or Mr. Scott. This is the provision or the red light, referred to, I think, by Mr. Elward as well, which might conceivably put us on the border of \$2,000,000,000 worth of state debt. Is this correct? The \$2,000,000,000 that all three of you have referred to. Thank you.

MR. SCOTT: Yes, and where you get the \$2,000,000,000—roughly the assessed valuation of the state of Illinois today is fairly close to \$40,000,000,000, and if you take 5 percent of \$40,000,000,000, which is one-twentieth of it, you will allow the state to issue G.O. bonds or guaranteed local government bonds to the tune of \$2,000,000,000 without even—with only a majority vote of the legislature; and you will remember one of the largest bond issues just two years ago was \$1,000,000,000 for pollution control and so forth, and even that, with the great need, was turned down by the people, so they will think we're crazy.

I voted on the prevailing side myself. My face is red, but I didn't use a pencil and I'm pretty tired this morning.

MR. MEEK: Mr. President, I am very impatient, but I would be willing to take all day on this one, if necessary.

VICE-PRESIDENT SMITH: All right. Now, is there a second to Delegate Lewis's motion? Scott—Delegate Scott seconds? Delegate Borek?

MR. BOREK: I would ask Delegate Scott—isn't our present state debt pretty near that right now—the 5 percent?

MR. SCOTT: My answer to that—it might be—I don't have the figures, and it might be fairly close to that; but, you see, an awful lot of that state debt, or quite a bit of it, was approved by referendum in the past, you see. So this is tearing down this.

The approach to this—I believe that the state should have some first flexibility or a certain amount of bonds maybe, but I don't think it should be this high. It should be tied in, I think, to a certain percent of the state's budget over a three-year period or expenditures over a three-year period.

MR. BOREK: Thank you.

VICE-PRESIDENT SMITH: Delegate Parkhurst?

MR. PARKHURST: Thank you, Mr. Vice-President. I would urge that we vote for the motion to reconsider. There are two basic problems here. One problem is that we have not really defined, now, what we mean by the Illinois Building Authority accumulation of about \$1,000,000,000 worth of debt. Whether that would be within the formula as contained in the Perona amendment or outside the formula needs to be clarified.

Secondly, the formula amount itself needs to be re-examined, as has been suggested here. Maybe it's way too high, in view of the facts.

Now, Mr. Vice-President, I think that there can be a meeting of the minds on this. I think that there's a general intention as expressed by this body to permit some sort of formulation of state debt analagous to or comparable to the local government article; but it has to be reasonable, and it has to be well defined, and it has to be clarified.

I think that the drafter of the amendment and the members of the Revenue Committee and others can get together and work out something that represents a meeting of the minds on this point, if we do, in fact, move to reconsider the vote by which the Perona amendment was adopted.

VICE-PRESIDENT SMITH: Thank you, Delegate Parkhurst. Delegate Whalen? Delegate Foster?

MR. FOSTER: I wonder if Mr. Mathias would yield to an inquiry. I hear—I understood Mr. Elward to say that the legislature could whimsically spend \$2,000,000,000, and I would ask Mr. Mathias if my draft is correct, which says that, first of all, the—what we originally passed had no limit in section (b), and second of all, it required either a three-fifths' vote in both houses or a majority on referendum. Is that—

MR. MATHIAS: Are you referring to section (d) or—this amendment is in the other section; it's on 9(b).

MR. FOSTER: I'm looking at 9(b) on the revision issued by the clerk, which seems to call for, first of all, either an extraordinary majority or a referendum—

MR. MATHIAS: Correct.

MR. FOSTER: —and second of all, seems to impose no limitation on general obligation.

MR. MATHIAS: I think that, by majority on referendum or by a three-fifths' vote of the General Assembly, there is no limitation. I think that's right, under (b), if that's the question. And this goes further—the Perona amendment goes further—and says that the—they may go to 5 percent of the assessed valuation—I think the \$2,000,000,000 figure is correct—by a majority vote, in effect, it would permit it by a majority vote, rather than any extraordinary requirement.

MR. FOSTER: I see. Thank you.

MR. MATHIAS: I think this provision points up the difference between what we have done with local governments and what we have done with the state.

VICE-PRESIDENT SMITH: Are you ready for the question? The question is, on the motion of Delegate Lewis, that the Perona amendment, recently adopted, be reconsidered. All in favor—does that take two-thirds, Mr.—

PARLIAMENTARIAN: No, a majority of those present is all.

VICE-PRESIDENT SMITH: A majority of those pre-



sent and voting. All in favor of this motion will raise one hand. Secure the doors, please. All opposed, same sign. On this question, the yeas are fifty-four; the nays are fifteen. The Perona amendment is available for reconsideration.

Delegate Garrison?

MR. GARRISON: Mr. Vice-President and fellow delegates, Delegate Borek asked, a while ago, a question as to what the bonded indebtedness of the state of Illinois really is now, and I believe he indicated that he thought it was in the area of \$2,000,000,000. Well, the answer to his question is on pages 120 and 121 of the Revenue Committee report. There is a tabulation there of the bonded indebtedness of the state of Illinois, broken down by categories; and the total general obligation debt is \$288,000,000, rounded, and the total revenue bonds, \$1,000,000,000—slightly over \$1,000,000,000—making a total debt of \$1,291,000,000.

VICE-PRESIDENT SMITH: Thank you for that information, Delegate Garrison.

Now, what is the pleasure of the body? Do you wish to go forward with the reconsideration of the Perona amendment or go to the next amendment? Is there a motion in respect to the Perona amendment? Delegate Parkhurst?

MR. PARKHURST: I move that the reconsideration of the Perona amendment be postponed until pending amendments and other amendments relating to the revenue article are concluded.

VICE-PRESIDENT SMITH: That motion is seconded by Delegate Evans. All in favor of postponement of the consideration—reconsideration—of the Perona amendment until other amendments to the proposed revenue article have been disposed of—be postponed until such time—all in favor of the Parkhurst motion for postponement, signify by saying aye. All opposed? The nays have it.

Is there any other motion with respect to the Perona amendment? Delegate Lewis?

MR. LEWIS: Mr. Chairman—or Mr. Vice-President—I assume that we just proceed on. Either it would be open for debate and vote, and that if there's no further debate, we now vote on the—we just revote on the action that we took on the Perona amendment. If we want to debate, fine; if we don't, we're ready to vote.

VICE-PRESIDENT SMITH: Well, I don't think we have anything to vote on at the moment. Colonel Johnson?

MR. S. JOHNSON: I wonder if Delegate Perona would accept an amendment to his amendment to put the words "3 percent" rather than "5 percent" in there. If not, I would like to offer that.

VICE-PRESIDENT SMITH: Delegate Perona, a question has been addressed to you, sir, by the delegate from DeKalb.

MR. PERONA: I am sorry. I was in the phone booth.

MR. S. JOHNSON: Delegate Perona, I wonder if you would accept an amendment to your amendment to insert the words "3 percent" instead of "5 percent." This would—this would then put the state in the same category, as far as limits on debt, as Chicago, Rockford, and Peoria.

MR. PERONA: Well, do you think that's logical, Delegate, that the state should be in the same category?

MR. S. JOHNSON: Well, I think—I think so.

MR. PERONA: Well, it seems—

MR. S. JOHNSON: Maybe it ought to be in a higher category, but I think that the mood of the Convention would be more acceptable to having it, certainly, in the same category as cities over 100,000.

MR. PERONA: I would like—what is the posture of the body right now on this matter? I was in the phone booth, and I—

VICE-PRESIDENT SMITH: I think, Mr. Perona—Delegate Perona—that the posture is that we have voted to reconsider, and we have voted not to postpone the reconsideration. We do not have a motion that your amendment be reaffirmed or repealed, so we do not have anything pending before us. Delegate Foster?

MR. FOSTER: I'd respectfully suggest that since no matter was pending at the time the vote to reconsider was taken, it immediately put the Perona amendment back on the floor.

VICE-PRESIDENT SMITH: Well, it is on the floor, but is there any amendment—

MR. FOSTER: It's ready for a vote.

VICE-PRESIDENT SMITH: A vote on what? Do you move, for instance, that our action be reversed—that the amendment be repealed?

MR. FOSTER: The Perona amendment is now before us for amendment or vote, by action of reconsideration, there being no other matter pending at the time.

VICE-PRESIDENT SMITH: The professional parliamentarian sustains the distinguished amateur parliamentarian, and it is pending before us for vote as though it had not been previously voted on, and it is subject and open to amendment. Thank you, Delegate Foster. Delegate Perona?

MR. PERONA: Mr. Vice-President, I would like to pose a question to Delegate Johnson in response to the question to me—how would 4 percent sound to you?

MR. S. JOHNSON: Fine.

VICE-PRESIDENT SMITH: Do you offer that as an amendment, Delegate Perona?

MR. PERONA: Yes. I would accept 4 percent. I think that, in all logic, the amount of debt which the state should have available to them should be greater than that which a city of 100,000 should have available to them. Either we should decrease the amount that a city of 100,000 should have or we should make the amount that the state has available greater than that. I can't see any other position that can logically be taken.

VICE-PRESIDENT SMITH: Will the seconder to the Perona amendment be identified, please? Delegate Peccarelli, do you accept that, sir?

MR. PECCARELLI: Yes.

VICE-PRESIDENT SMITH: Now, Delegate Borek?

MR. BOREK: Thank you, Mr. Vice-President. Ladies and gentlemen, I rise to try to subdue this panic here a little bit. I don't find anything wrong with Delegate Perona's amendment for which I voted. Number 1, may I show you the fact that we in Local Government have given cities over 100,000 a 3 percent—my lovely city of Chicago gets \$330,000,000—what is known as free debt, to be decided by fifty men only. Now, here we have a state which we'll give



## VERBATIM TRANSCRIPT OF AUGUST 10, 1970

3903

them roughly \$700,000,000 to be decided by somewhere around 235 legislators as to how to spend this money.

I look at this as, you might say, flexibility for the state. Nowhere in this amendment does this say this is new debt. As far as I'm concerned, the state now owes \$1,300,000,000. It gives the state flexibility of \$700,000,000 to be decided by 235 people in the General Assembly, and I don't think there's anything wrong with this, and let's stop the panic. Thank you.

VICE-PRESIDENT SMITH: Thank you, Delegate Borek. Delegate Meek?

MR. MEEK: Well, all I was going to say, Mr. President, was that it would seem to me that the obvious thing to do was to simply move to kill the Perona amendment and stick with the amendment that the—proposal of Mr. Mathias.

VOICES: No.

MR. MEEK: You don't want to do that? I don't care. Do something. That's all I care about.

VICE-PRESIDENT SMITH: Delegate Parkhurst?

MR. PARKHURST: Mr. Vice-President, I don't know what the mood of the body is, now that we've agreed to reconsider the Perona amendment; but I do know that if we do reconsider it and we do somehow settle on the magic number—whether it's 4 percent or 3 percent or what—we should do one more thing, and that is to make sure that we include within the formula the amount of revenue bond—Illinois Building Authority bond—indebtedness outstanding at any one time.

It seems to me that we don't want to create whatever amount it's going to be for general obligation bonds in excess of and in addition to the amount outstanding—the \$1,000,000,000 now outstanding—in terms of Illinois Building Authority indebtedness; so I would ask Delegate Perona if he would accept this amendment to his—to his amendment—which would read as follows: After the words in the fourth line, starting out, "Property in the state," the words, "which shall include the total amount at any time payable directly or indirectly from tax revenue," and then going back and completing the sentence, "and such debt in excess of that amount must be approved either," and then the three-fifths' test and the referendum.

Now, that would clarify the point which has been bothering me—that we certainly want to include IBA indebtedness, it seems to me, in any formula amount that we prescribe in the constitution, and not have that be separate and apart from the formula.

VICE-PRESIDENT SMITH: Delegate Perona, do you wish to respond to that suggestion?

MR. PERONA: Mr. Vice-President, in response to Delegate Parkhurst, I'd like to ask him if the concept he's talking about here is reasonable, why does the debt provided for local government not take into consideration present existing debt? As I understand the local government article, it provides that cities over 100,000 can issue, by majority vote of the city council, an additional amount of 3 percent of the assessed value of the property within the city. Is that correct?

MR. PARKHURST: You're right.

MR. PERONA: Well, then, why isn't that reasonable for the State of Illinois?

MR. PARKHURST: Well, because here you're talking about—you're talking about state indebtedness for the future which is, we'll say, going to be a formula. All right? Now,

you're—what you're really saying is that you can—is that you can by the revenue bond device—and I hate to call it that, because it's not really that—that's a fiction—but through the Illinois Building Authority device, you can go in excess of your formula by whatever future amount the legislature wants to authorize for the Illinois Building Authority. Now that's not true in the local government situation. It is true that whatever is now existing in terms of indebtedness is not included in the formula; but any future indebtedness that's incurred at the local level is included in the formula.

Here at the state formula, you're talking about two different animals in the future. What I'm trying to do is put both animals in the formula, as we have done in the local government article.

MR. PERONA: Well, I think it's logical to make them both the same; but I think that if we do make them both the same, that the percentage that's applicable to the state should be greater than that applicable to local government.

MR. PARKHURST: Well, I'm not talking about the amount; I'm just talking about what's included.

MR. PERONA: Well I think if we—as I say, I was in the phone booth before. Was an attempt made to give us time to work this out?

MR. PARKHURST: Yes. I tried to do that, and the delegates voted down the motion to postpone consideration of this until after the other amendments had been handled, which may give you some indication of the feeling of the delegation at this point.

My thought was, if we're going to reconsider this, we might as well reconsider it in some way that makes sense, instead of some way that doesn't make sense.

MR. PERONA: Is this the last item on the agenda, so far as revenue—

VICE-PRESIDENT SMITH: No, it is not, Delegate Perona.

MR. PERONA: Well, I would move that this matter—the consideration of this matter—be postponed for one hour.

VICE-PRESIDENT SMITH: Is there a second? It has been moved by Delegate Perona, seconded by Delegate Borek, that further consideration of this matter be postponed until eleven-forty-five. All in favor of that motion—just a moment—Delegate Garrison indicates he has a privileged motion; Delegate Madigan is ahead of him. Is your position privileged? Delegate Madigan waives. What is your privileged motion, Delegate Garrison?

MR. GARRISON: I move that the Perona amendment lay on the table.

VICE-PRESIDENT SMITH: The parliamentarian says an amendment cannot be tabled, so the motion is not in order.

MR. GARRISON: Why not?

VICE-PRESIDENT SMITH: Well, I get that from the professional parliamentarian. All right. Roberts' *Rules of Order* No. 12:

The motion to amend cannot have motions to commit, postpone definitely, or lay on the table applied to it alone; but when a primary amendment or a primary and a secondary amendment are pending, the main question can be committed, postponed, or laid on the table, and the amendments then undergo



the same process with the main question.

The motion to amend cannot be postponed indefinitely. You can work on interpretations—

**PARLIAMENTARIAN:** My interpretation is that nothing can be tabled which is not self-sufficient unto itself.

**VICE-PRESIDENT SMITH:** Well, I don't think we want to get into a parliamentarian—parliamentary discourse. The parliamentarian says that nothing can be tabled that is not self-sufficient unto itself, and I'm sure that Dr. Murphy and Leonard Foster would be glad to help you out on this; but we will rule that this is not subject to being tabled, and then, I think, we come back to the—what's your purpose in rising, Mr. Kamin? We recognized Delegate Garrison on a privileged motion. If you have a privilege, all right; but otherwise, we'll go back to Delegate Perona.

**MR. KAMIN:** Parliamentary inquiry.

**VICE-PRESIDENT SMITH:** Parliamentary inquiry. Help yourself.

**MR. KAMIN:** I take it, according to the parliamentarian's ruling, that the only thing that would be in order would be a motion to table the revenue article, and I invite that motion from anyone who wishes to make it.

**VICE-PRESIDENT SMITH:** We're back to Delegate Perona, who has moved—it's been seconded—that further consideration of this amendment be postponed for one hour.

**MR. PERONA:** Mr. Vice-President, I would like to withdraw my motion to postpone. I also want to withdraw my motion that is pending to amend section 9, and I will try to clean it up and offer it later.

**VICE-PRESIDENT SMITH:** Any objection? The Perona amendment stands withdrawn, for antiseptic purposes. Now, Delegate Foster?

**MR. FOSTER:** I think the same thing happened yesterday. The Perona amendment, having passed, became the property of the Convention. It is now up for reconsideration but is still the property of the Convention and cannot be withdrawn.

**VICE-PRESIDENT SMITH:** Well, the rule of the Convention is that the mover may withdraw.

While we're researching that question, you'll all be glad to know that we have in the gallery Roddey Edelstein, the head Convention librarian who served us so well; Mary Redmond, the daughter of the distinguished state representative, William Redmond, from Lake County, I believe; she is the assistant librarian. These people are today returning to the state library. They have been loaned by the state library to this Convention, and we've—(Applause) we thank you both, and please pay our respects to the Honorable Paul Powell, the state librarian, for his assistance, also. Thank you.

Now, this, again, is from the rules—our own rules—rule 38: "After a motion has been stated by the president and read by the secretary, it shall be deemed to be in the possession of the Convention, but it may be withdrawn by the member at any time before being amended or put to vote," and hence, under that rule, Delegate Perona can and has withdrawn his amendment.

**MR. FOSTER:** Mr. Vice-President, I respectfully state it was put to a vote, and merely bringing it up again as reconsideration doesn't undo that vote.

**VICE-PRESIDENT SMITH:** It's as though we have

taken a "no" vote on it, and that, Mr. Foster, will be the ruling, rightly or wrongly. If you—feel free to appeal it, sir. You acquiesce? Well, good afternoon!

Now we have—we're ready for the next amendment, which—which general direction are we going here? Delegate Durr—wait a minute—we have an amendment to section 8; I believe that's next, Mr. Clerk? And the Chair will recognize Delegate Whalen.

**MR. WHALEN:** Mr. President and fellow delegates—could the clerk read the amendment, please?

**CLERK:** Amend Style, Drafting, and Submission Committee Proposal No. 8, revenue article, section 8(b), page 4, lines 11 through 13, by deleting these lines and substituting:

Owners, occupants, and parties interested shall be given reasonable notice for the sale and the date of the expiration of the period of redemption as provided by the General Assembly.

**MR. WHALEN:** Mr. President, fellow delegates, this was an amendment I proposed the other day when the Style, Drafting, and Submission Committee was originally presenting its report to you. Because of the comments of Delegate Smith and Vice-President Lyons, I have redrafted it; and the purpose is to make clear that the General—that reasonable notice must be given of the sale and of the date of the expiration of the period of redemption. Under the existing language, the only thing that's required is that reasonable notice be given, but it doesn't say of what; and I think this clarifies the intent of the language, and I believe it also tracks the 1870 Constitution.

**VICE-PRESIDENT SMITH:** Is there a second to the Whalen proposed amendment? Seconded by Delegate Gertz. Delegate Mathias?

**MR. MATHIAS:** I would like to point out to Delegate Whalen that he's striking all of line 11. I think he wishes to strike only the words "owners and occupants" in that line and leave the two-year redemption period in.

**MR. WHALEN:** That's right. I accept that clarification, Delegate Mathias.

**VICE-PRESIDENT SMITH:** May we take that as an editorial change and depend on the committee in Style, Drafting, and Submission to have that in mind?

Are you ready for the question on the Whalen amendment? All in favor will signify by saying aye. All opposed, the same sign. The ayes have it. The Whalen amendment is adopted, which I believe brings us to amendments to section 9(c).

The Chair would recognize Delegate Durr, and while he's preparing his materials, we would want—you will want to know that from the great 12th District, this says—the district of Malcolm S. Kamin—we have Mrs. Muriel Moulton, head of the social studies department of the Francis Parker School. We also have a publisher of note; yesterday was really newspaper day here, but we're glad to have them today—Mr. and Mrs. James Fetgotter and their family, the executive manager of the *Centralia Sentinel* and the *Lincoln Courier*. Delighted to have you people with us. And these folks are guests of Delegate Friedrich. (Applause)

All right. Delegate Durr?

**MR. DURR:** Thank you, Mr. Vice-President. Before the clerk reads the amendment, it's been called to my attention



## VERBATIM TRANSCRIPT OF AUGUST 10, 1970

3905

that there are some deficiencies in it—which doesn't surprise me—but I would like to mention it was drawn up on a rather hurried basis and we're all tired, and that's the only excuse I can offer; but I'd like to ask that you permit me to make some changes in it. The intent of it is to permit the General Assembly a free rein without any overriding by the voters and without any extraordinary votes—majorities—up to 10 percent of the annual budget, for those debts or revenue bonds or whatever that are presently dealt with in subparagraph (c).

And I think, perhaps, that I should ask that we change the first word on the third line of the language itself from "incur" to "authorize," and then add—add in that line—and I'm reading out of the language of the existing section—"incur aggregate indebtedness," and then add in, "not secured by the full faith and credit of the state nor payable directly or indirectly from tax revenue," comma, "and not to exceed," and so forth.

VICE-PRESIDENT SMITH: Clerk, do you think you have those—

CLERK: I would like to have a written copy.

VICE-PRESIDENT SMITH: I beg your pardon? The clerk would like to have a written copy. That's a rather extensive change.

MR. DURR: I'll get that to him. If I just go over it once more—it's in the third line of the proposed language, change "incur" to "authorize," and then the line would read: "authorize aggregate indebtedness not secured by the full faith and credit of the state nor payable directly or indirectly from tax revenue," comma, "and not to exceed 10 percent," and the rest of it as is.

VICE-PRESIDENT SMITH: Now, Delegate Durr, would you, perhaps, read your entire amendment, slowly, with a—indicate the changes, and I think the delegates can follow it very well.

MR. DURR: The proposed amendment would read:

Notwithstanding any other provisions hereof, the General Assembly may, by law, on various occasions, authorize aggregate indebtedness not secured by the full faith and credit of the state nor payable directly or indirectly from tax revenue (comma) and not to exceed 10 percent of the state's annual budget for the fiscal year in which any debt is incurred. Any indebtedness outstanding or authorized on the date of the adoption of this constitution shall not be included in such aggregate indebtedness.

VICE-PRESIDENT SMITH: Is that clear to the delegates? Very well, Delegate Durr. You may proceed. Is there a second to Delegate Durr's proposed amendment? Seconded by Delegate R. Johnson.

MR. DURR: Thank you, Mr. President. Ladies and gentlemen, as this section 9 now stands, we have built in a bias in favor of the use of revenue bonds. The incurring of general—the use of general obligation bonds requires a three-fifths' vote of the members of the General Assembly. The use of revenue bonds is by a simple majority of the General Assembly. We've built in a bias in favor of the use of revenue bonds.

Now, for six months or more in the Revenue Committee, we heard, without exception—without any exception—that the use of revenue bonds is to be avoided if possible, for several

reasons. One is that you—through the use of revenue bonds, you incite the growth and creation of these various authorities which become almost autonomous. You've heard talk of the building authority, the highway authority. They are big; they get bigger every year, because they use revenue bonds. The General Assembly, by the nature of the beasts—these authorities, that is—has little control over their day-to-day operations, and you can read that in the papers from time to time—what that results in.

Another problem that we heard about was that revenue bonds simply cost more money, and I think the figure that's floating around in my mind is about 1/2 percent more interest on the average—1/4 to 1/2—than for general obligation bonds, simply because the full faith and credit is not pledged; and, therefore, theoretically, the risk to the lender—to the bond purchaser is higher.

As a practical matter, as I think Delegate Brannen said, the General Assembly is morally obliged to honor these bonds if the revenues are not sufficient to pay them; but because they're not legally obliged to do so, the rate is higher. It costs the taxpayers more money to borrow the money by using revenue bonds.

Now, our committee was almost—well, I think it was unanimous in its desire to discourage the use of revenue bonds and the—the continued vitality and growth of these various authorities; and we desired, instead, to encourage the direct securing of money by the General Assembly on general obligation bonds because of the reasons I've stated—better control by the people's elected representatives and lower financing cost.

That's the reason for some of the other language in the revenue article as it was reported out—to try to forbid this under-the-table kind of financing that we now have through the use of these various authorities.

As this revenue article has now been amended by this body, we are building in a very strong bias in favor of the continued use of what every witness said was a bad way to finance, because of the simple majority needed for revenue bonds and the two—the three-fifths' majority required for the more desirable, better general obligation bonds.

I submit to you that this amendment changes that by permitting the use of revenue bonds only up to the rate of 10 percent of the annual budget, which, at this point in time, would be about \$500,000,000. If they need more money than that, then they have to have a three-fifths' vote on general obligation bonds. I submit to you that it is economically sound to limit the amount of money that can be secured through revenue bonds which are more costly and subject to less control by the people's representatives. This would take care of the fear voiced by some delegates that you cut off the ability to meet immediate needs. Certainly, \$500,000,000 will give the General Assembly enough flexibility to meet the immediate needs; and if they need more money than that, let them go with general obligation bonds on a three-fifths' vote of the General Assembly.

But I submit to you that it's just simply not going to be tolerable to the voters of this state to have this document presented to them permitting the free issuance by simple majority of any and all amounts of revenue bonds which are hard to see,



hard to trace, hard to control, and more costly. Thank you.

VICE-PRESIDENT SMITH: Thank you, Delegate Durr. Does any delegate care to be heard on the proposed Durr amendment? If not, are you ready for the question? Delegate Mathias, do you wish to be heard, sir? Delegate Knuppel, do you seek to be heard?

MR. KNUPPEL: Why, yes, after Mr. Mathias. I will yield to him. I think he was up first.

VICE-PRESIDENT SMITH: All right. Delegate Mathias?

MR. MATHIAS: I—the changes that were made in the language—it's a little difficult to understand, but it—I think it says incur aggregate indebtedness, not secured by full faith and credit and tax revenues, in an amount not to exceed 10 percent of the annual budget for the fiscal year in which any debt is incurred.

Do we add in the cumulative—are we cumulating the debt that's been incurred in prior years, so that we—we add that on in each year? Or is this intended to be an authorization each year to incur revenue bonds up to the amount of 10 percent of the budget for that particular year?

MR. DURR: The use of the word "aggregate" was intended to imply that the total amount outstanding at any one time could not exceed 10 percent of that year's budget, exclusive of any amount of indebtedness outstanding when the constitution is adopted, so that they would have a—they'd have a reserve fund of 10 percent that they could finance with revenue bonds which are undesirable bonds—everybody says so—but it gives them a fund of 10 percent of the year's budget with which to work on these undesirable, costly revenue bonds.

Now at the same—sure, that means they can't borrow \$500,000,000 each year—that means they can only have, on this year's budget, \$500,000,000 outstanding at any one time. The annual budget may go up a little bit each year, which would add another 10 percent of that increase; but, by the same token, theoretically, I certainly would hope they would be paying off bonds in any one year, too, so as to free up more available reserves.

MR. MATHIAS: Well, Mr. President, I understand the total amount of purely revenue bonds that are outstanding—and I'm taking out the Illinois Building Authority bonds which I do not consider as revenue bonds—is now approximately \$700,000,000. Those would not be included in this, but I can very well see where you might issue revenue bonds—\$50,000,000 a year—authorize them—or \$60,000,000, over a period of the next ten years; and this would mean, then, that they are very seriously—the total amount that may be issued and outstanding at any one time, after the ones presently outstanding are paid off, would be \$500,000,000. Now, I do not think we should put in that sort of a limitation. I think the provision that we have now, where the General Assembly—they are not going to authorize revenue bonds if the other revenues are available.

I agree that the bonds that are full faith and credit do sell better at a lower rate of interest, and I think the General Assembly is going to be very much aware of that and will not go overboard in authorizing revenue bonds.

We do have to come back, under the amendment as it now stands—paragraph (c) as it now stands—and get approval of

the General Assembly, and I do not know why we would tie revenue bonds to the current year's budget. I do not see the connection between the current year's budget and revenue bonds.

VICE-PRESIDENT SMITH: Thank you, Delegate Mathias. Delegate Knuppel?

MR. KNUPPEL: Mr. Chairman, ladies and gentlemen of the Convention, I am very concerned about the approach that we are taking here on second reading to this revenue article, as evidenced by the stop-and-start method, the reconsiderations, the overturn, all the rest of the procedures. We are proceeding on this on second reading like a string-haltered horse walks down the road, and I'm afraid—like I feel about the bill of rights that we passed—that we've done nothing really to improve the work that we did on the first reading. I'm concerned by the absence of the members from this floor who do not hear the debate, and I don't know how they could possibly—as complicated as this is—understand what they're voting on when they come back.

Now, I'm also concerned about this proposal, which says, "not secured by full faith and credit or payable directly or indirectly from tax revenues." Of course, these revenue bonds are issued, and there is no question that they're paid from tax revenues. The Illinois Building Authority issues bonds; they build buildings, and then they lease or rent them to the different agencies of the state. I think this limitation, as has been pointed out by Mr. Mathias, is far too harsh—

MR. DURR: Point of order.

VICE-PRESIDENT SMITH: State your point of order, Delegate Durr.

MR. DURR: Forgive me for interrupting, Delegate Knuppel. I try not to ever do that, but my point of order is this—he's complaining about the language, "not secured by the full faith and credit of the state nor payable directly or indirectly from tax revenue," and that is the language that we now have enacted. It seems to me unfair to complain about that language being in an amendment when we've already got it. I don't know how he voted on it, but that's the way it is now.

VICE-PRESIDENT SMITH: Your point of order will not be sustained. You will have an opportunity to argue, but the distinguished senator from Menard has a right to complain, not to exceed ten minutes.

MR. KNUPPEL: There is no limit on where it is here in the article the way it's written now, and you want to impose a limit of 10 percent and limit it so that it cannot be paid directly or indirectly from tax revenues. Now, I'm sure the legislature has a choice and that they'll be sensitive about whether to issue those type of bonds which are secured by full faith and credit, and they will issue those that are necessary in order to save that interest.

I just can't see how that this type of an approach, where we bind the state in this area and go at this thing piecemeal in the manner that we're doing, that we're going to get any kind of a revenue article that the people can accept. I've reached the point that I feel like I want to vote against any proposal put forth, except a limit on income tax, that would be brought back before this body and leave the revenue article the way it is. It's in bad enough shape.

VICE-PRESIDENT SMITH: Thank you, Delegate



Yes, Mr. Patch?

MR. PATCH: Based on the action just taken by this body, is it true that after second reading, we can come back to this section and amend it?

PRESIDENT WITWER: No. It means that we can come back to this specific matter which has been postponed specifically for consideration.

MR. PATCH: Well, that's Rachunas's matter. That's what I'm speaking of. We can come back and amend Rachunas's matter which will be an amendment to this section?

PRESIDENT WITWER: That is right, but not other matters on the section—only this matter which is specifically being postponed. It will be amendable.

MR. PATCH: Well, I wasn't sure whether the vote was whether Delegate Davis was saying the question of separate submission alone would be taken up later, not the—

PRESIDENT WITWER: No, that's what he said—in relationship to the matter which Mr. Rachunas has raised.

MR. PATCH: We should discuss right now Rachunas's matter.

PRESIDENT WITWER: The Rachunas motion is on separate submission only. It's geared to that and nothing else.

MR. PATCH: No, no, no, sir.

PRESIDENT WITWER: Just a minute. Read the motion. Mr. Rachunas's motion is, "Separately submit to the voters the following proposition." It is on separate submission only. It is not an amendment to the body of the section. Now I have so ruled.

MR. A. LENNON: Point of inquiry.

PRESIDENT WITWER: All right.

MR. A. LENNON: Point of inquiry.

PRESIDENT WITWER: What is it, Mr. Lennon?

MR. A. LENNON: Mr. President, my inquiry is just so that the record be straight in all our minds. Mr. Rachunas's proposition sets forth certain language which he proposes be submitted separately. Now, I think, if I understood you, that I'm in agreement that this would have nothing to do with section 3 as it's presently constituted, and we would not be amending section 3 and considering solely whether or not to submit an additional section as proposed by Mr. Rachunas, and that in the substance of that separate proposition, when we get back to it, it would be amendable, as any other separate proposition. Thank you.

PRESIDENT WITWER: That is exactly what I told Mr. Patch—or at least intended to, Mr. Lennon. I'm glad it came through clearly to you, sir. Mr. Nudelman?

MR. NUDELMAN: I have a question for the Chair, or possibly for the parliamentarian. It has always been my understanding that separate submission is in the nature of a procedural thing, and that you can't take a substantive matter which has been voted down by this body and bring it back solely on the basis of separately submitting that substantive matter. I'd like either the Chair or the parliamentarian or both to give me some direction on this.

PRESIDENT WITWER: Well, will you permit me to huddle with the parliamentarian just a moment?

MR. NUDELMAN: Certainly, sir.

PRESIDENT WITWER: Mr. Nudelman, I think the position that we have taken all along—could we have your

attention, please—has been that we would do our discussion of the matters that should be taken on second reading—I mean on separate submission—at the time of second reading; and, of course, if we postponed, to be taken up immediately after we have completed the work on this, we—this is a binding order of the body; but I agree with you, sir, if this is the point you're making, that new, separate propositions involving new substantive matters are not in order after the completion of second reading, except in the one instance that I have indicated.

MR. NUDELMAN: That's not quite my point, sir. My point is this: It seems to me, although I was not on the prevailing side, that this body has at least twice, to my recollection, voted down the substance—the substance, mind you—of this amendment. Now, as a third attempt, it seems to me, they are coming in the procedural door; and I think, it seems to me, further, that you can't come in the procedural door until you have won the substantive battle. Having lost the substantive battle twice, it seems to me that you cannot come in now with the procedural approach and attempt to get in that door.

PRESIDENT WITWER: The parliamentarian and I are both in agreement that this is a new motion, and as long as it comes up at the stage of second reading, it can be brought up.

Someone might quite well feel that it should not be in the body of the constitution, but may desire to see it separately submitted. The key to the thing is that it should be done at second reading; and if the body decides to make it the last order of business on second reading, which I think was the essence of Mr. Davis's suggestion, after we have gone through the package, so to speak—the other provisions—this can be done; but I would not rule that because the substance of this has been concluded in other votes in relationship to the principal sections of the constitution, that it necessarily precludes separate consideration later on. And the parliamentarian so advises me, and I so rule; and I'm in complete agreement with him on that advice.

MR. NUDELMAN: Thank you.

PRESIDENT WITWER: Now, we're ready, I think, for the next motion. Mr. Perona?

MR. PERONA: Mr. President, will the clerk please read my—

PRESIDENT WITWER: Will you read Mr. Perona's motion, please?

CLERK: Amend section 9(b) by substituting the following in place of the present 9(b):

State debt shall not be included or the payment of state or other debt guaranteed in an amount to exceed 5 percent of the assessed value of taxable property in the state, which shall include the total amount at any time payable directly or indirectly from tax revenues.

PRESIDENT WITWER: Is it seconded? Seconded by Mr. Peterson. Do you wish to speak to it further, Mr. Perona?

MR. PERONA: Yes. I would just like to make it clear that the—as read by the clerk, does not—has added to what everyone has on their desks, after the word "state" at the end of line 3, that period is a comma; and in addition would have added, "which shall include the total amount at any time payable directly or indirectly from tax revenues," comma, and



## VERBATIM TRANSCRIPT OF AUGUST 10, 1970

3915

then it reads on, as 9(b) was previously in the Mathias amendment, "unless approved in a law passed by a vote of three-fifths of all the members elected to each house of the General Assembly, or in a law approved by a majority of the electors voting on the question at the next general election following passage."

We have left out the specific purpose phrase in the—in the first line of previous 9(b), because it's covered by the last sentence, in our opinion; and we have couched it in the negative to try and clear up some of the other problems. The language which I have suggested be added was suggested by Mr. Parkhurst to make it agree with the wording of the debt provision in the local government article, so that we feel we've cleared up many of the objections.

I also would like to point out that the 5 percent amount is now—must include within it, at the present time, all debt outstanding and payable by the Illinois Building Authority, which is payable indirectly from tax revenues.

I think this is a sensible provision; it's a sensible amendment. It treats the state government similarly to local government. It gives the—it encourages the incurring of debt having the full faith and credit of the state of Illinois behind it, which will permit the state to borrow money at a lower rate of interest and save much interest to the state over the years to come. I think it solves a number of problems and I solicit your support for it.

PRESIDENT WITWER: Thank you. Are you still on the floor, Mr. Perona, or have you concluded?

MR. PERONA: I've concluded.

PRESIDENT WITWER: Thank you. Any further debate on the Perona amendment? Mr. Karns, do you have anything to say on the Perona amendment?

MR. KARNS: I could not speak for the committee on this, I don't think, at this juncture, Mr. President, with the substantial amendments to the committee report. I could just add, personally, I will support the Perona amendment.

PRESIDENT WITWER: Any further debate on it? Mr. Scott?

MR. SCOTT: Mr. President, I have no comment; without the written thing ahead of—here, to look at it a minute, I couldn't make a comment.

PRESIDENT WITWER: Has it not been distributed? Well, let's take our time on this. Some words have been added to the copy distributed, and may we read it again, Mr. Clerk, so that everyone will have it?

CLERK: All right. We start out amending section 9(b) by substituting the following in place of the present section 9(b):

State debt shall not be incurred or the payment of state or other debt guaranteed in an amount to exceed 5 percent of the assessed value of taxable property in the state.

Thus far, your copy reads that way. Now, these words have been added since your copy was distributed to you. After the word "state," it says: "which shall include the total amount at any time payable directly or indirectly from tax revenues."

VOICES: Slower, slower.

CLERK: Okay. Well, I was going to read it over again after I read it once. All right—"which shall include the total amount at any time payable directly or indirectly from tax

revenues." Then we would continue on as in your written copy, with the amendment of section 9, as amended by the Mathias amendment.

Now I must—I want to make a point to Mr. Perona that the way I have the Mathias amendment, the first two words he has, "unless approved," are not in there. It says, "either in."

MR. PERONA: No. That was a problem with the typist. That's right, but it doesn't change the sense of it at all.

CLERK: No, not at all. So, therefore, you would continue to read on, except you would strike those first two words, "unless approved?"

MR. PERONA: No, leave those. Those are necessary. They should have been in the part that was not in the Mathias amendment, but they were added at the bottom, but they are necessary to the sense of the—of the—I think the easiest way is just to—is to strike, then continue as in 9(b) of the Mathias amendment, which shouldn't really be in there, and it would just read, "which shall include the total amount at any time payable directly or indirectly from tax revenues unless approved in a law passed—"

CLERK: Now, the point I am trying to make to you—"unless approved" is not in the amendment now, anywhere.

MR. PERONA: In the Mathias amendment, you mean?

CLERK: In anything that is revised, you no longer have those words.

MR. PERONA: That's right, but because I changed the method of presenting this around, we have to say, "unless approved," or it doesn't make sense.

CLERK: Well, would you come up and I'll show you where my difficulty is?

MR. PERONA: All right.

PRESIDENT WITWER: Now, while we're trying to find out what the language is, Mr. Cicero, do you wish to speak to this?

You know, we're way behind schedule. Any hope of this body getting out of here tomorrow night is just about as vain as can be. Any hope of getting out Wednesday will depend on whether we get to work, and we've got to let go of some of these things some time.

Mr. Cicero?

MR. CICERO: Mr. President, I'll wait till he gets his language resolved.

PRESIDENT WITWER: All right. Anybody else wish to speak?

I think that he just intended to add, "unless approved," doesn't he, at the end of those words? All right, just add the words "unless approved" following the word "revenues" in the new addition.

Now, would you like to explain the additional words, Mr. Perona, so that we understand the import of them?

MR. PERONA: The words "unless approved" are necessary in modifying the wording in the Mathias amendment to fit into the changed wording in the provision as suggested in this amendment. I think it retains the exact sense of the Mathias amendment insofar as the approval of debt in addition to the 5 percent.

Now, I'd like to solicit Mr. Mathias's idea about that. If he feels differently, I would see—

PRESIDENT WITWER: Mr. Mathias, do you have any comment on it?



MR. MATHIAS: No, I think we keep the words "unless approved" in there, as suggested by Mr. Perona.

PRESIDENT WITWER: Thank you. Now, Mr. Cicero, on the Perona amendment?

MR. CICERO: I have a question, first, for Mr. Perona, and then a comment, if my interpretation is correct.

The additional language which was just added and read by the clerk to include the total amount payable at any time includes presently existing debt, then, within this 5 percent limit, does it not?

MR. PERONA: Yes.

MR. CICERO: Well, then, Mr. President, I support the Perona amendment, but I submit that it makes little difference from what we have at the present time, since subparagraph (f) of the existing section 9 is an authorization for a majority vote to refund the amount of debt we have at the present time, and so on. We're dealing with about the same amount of debt either way, and while this, as a continuing authorization, would be an improvement; at the present time, it would make very little difference. But I think, nevertheless, I'll support the Perona amendment.

PRESIDENT WITWER: Thank you. Mr. Tomei?

MR. TOMEI: Mr. President, there seems to me to be a gap here. I don't believe it's the intention, but under (a), it says no state debt shall be incurred except as provided in this section—section 9—and the Perona amendment authorizes, specifically, state debt in excess of the 5 percent figure. It doesn't really say anything about how you get state debt below that figure.

I take it that it's the intention of Mr. Perona, and I would ask him, if I might, if it is intended to have debt underneath the 5 percent figure authorized by law.

PRESIDENT WITWER: Mr. Perona?

MR. PERONA: Mr. President and Mr. Tomei, yes, that is my intention. If that is clear to everyone—or we could probably leave it to Style and Drafting to clear it up, if it needs it.

MR. TOMEI: Just so the intention is clear, that's all I wanted to make sure of; and I think Style and Drafting can handle it.

PRESIDENT WITWER: All right. Now, are we ready? We're on the Perona amendment. Those who will adopt, please say aye. Those opposed, nay. The amendment has failed.

We have one more amendment, and that's that of Mr. Foster. Will you read it, please?

CLERK: Amend Style, Drafting, and Submission Committee Proposal No. 8 by striking all after section 1.

PRESIDENT WITWER: Is there a second? Seconded by Mr. Lewis. Oh, I beg your pardon. Who seconds? Seconded by Mrs. Willer. Just a minute. Mr. Lewis, for what reason do you rise?

MR. LEWIS: Delegate Foster isn't in the hall, and so he hasn't made the motion.

I have an amendment to section 4 which I'd like to make prior to his—

PRESIDENT WITWER: All right.

MR. LEWIS: —before he strikes everything.

PRESIDENT WITWER: All right. We're going back, now, to section 4. I thought we'd passed that, but—let's go

back. Section 4. Will you read it?

CLERK: Amend section 4 of the revenue article as submitted by the Committee on Style, Drafting, and Submission, on page 4, section 4, in line 21, after the period, by adding the following:

In any county which classifies real property for purposes of taxation, real property used in farming in such counties shall not be assessed at a higher level of assessment than single-family residential real property in that county.

PRESIDENT WITWER: Point of order? What is your point of order? Mr. Karns has risen on a point of order.

MR. KARNs: Mr. President, I think this is duplicative of the very thing we did this morning, in deleting the last sentence. After the Hendren amendment of this morning, the last sentence could only apply to counties of over 200,000 people, so I don't think the intent is any different. I believe we just acted on this matter this morning.

PRESIDENT WITWER: I—Mr. Lewis?

MR. LEWIS: Mr. President, based on the comments of Delegate Karns and others, it was stated that that sentence might apply to all of the counties, and that it was not clear at that time, nor was the amendment made to make it clear, that it was just in counties classifying real property; and so I believe that we have the right to put those two together and test this to make it specific that it applies just to those counties that classify.

PRESIDENT WITWER: I disagree. I think Mr. Karns's point is well taken, and I'll rule that this is completely duplicative and out of order.

Yes, Mr. Knuppel?

MR. KNUPPel: I want to give notice at this time that I voted in favor of the Karns amendment this morning, and that I will move for reconsideration of this matter tomorrow. It's in accordance with the rules.

PRESIDENT WITWER: All right. Now, we have one more amendment before us, section 1, Mr. Leonard Foster's amendment. Is he in the room? Is Mr. Foster outside in the hall or in the lounge? If he wishes to pursue his amendment, I wish he'd come up.

Here's Mr. Foster. Mr. Foster, we were waiting for you, sir. Will you read the amendment?

CLERK: Amend Style, Drafting, and Submission Committee Proposal No. 8 by striking all after section 1.

PRESIDENT WITWER: Who seconds? Mrs. Willer seconds. Will you proceed?

MR. FOSTER: Mr. President and fellow members, this amendment is self-explanatory, and the issue has been fully debated in committee and at first reading. If no one else is going to speak on this matter, rather than stimulate prolix debate, I'll say nothing and ask for a vote by division.

PRESIDENT WITWER: Thank you. We've had a request for vote by division. Mr. Foster, the sponsor, asked for it. Will you please take your seats? Will you please take your seats? And those out in the hall or in the lounge—we are going to have a division vote, now, on Mr. Foster's amendment which would delete everything except section 1 of the Revenue Article.

All right. Now if you'll close the doors, please, and will the



## VERBATIM TRANSCRIPT OF AUGUST 10, 1970

3917

delegates kindly take their seats if they wish to be counted? Mr. Woods, for what purpose do you rise?

MR. WOODS: I would like to speak to it, when we get to it.

PRESIDENT WITWER: Well, Mr. Foster spoke and he waived further debate, but if somebody wants to debate, he did not press his amendment.

MR. WOODS: First of all, I can't hear you. Would you repeat your comment?

PRESIDENT WITWER: I will, if everybody'd get quiet.

The reason we are proceeding with this at this pace, Mr. Foster said he thought everything had been said; he was not going to debate his own motion; and, therefore, he called for a prompt vote-it-up or vote-it-down. Now, up to this point, nobody has risen and expressed a desire to debate it, but if you wish to debate, Mr. Woods, this is your privilege.

MR. WOODS: Glad to hear it. I strongly oppose this motion. I hope the rest of you do, too. Wake up and vote. This is serious!

PRESIDENT WITWER: Thank you. Mrs. Netsch? Mrs. Netsch, please.

MRS. NETSCH: Mr. President, I strongly support this motion. I would urge you to wake up and consider it seriously. After all of the six months of agony that the Revenue Committee went through, plus at least another twelve days on the floor of this Convention, I would hope the Convention would understand that you cannot write your revenue program into the constitutional revenue article. You cannot do it in any kind of a successful way in terms of draftsmanship; you cannot do it in terms of a successful way of reconciling all of the disparate interests in this state. There is only one thing that a revenue article ought to say, and that is that the inherent power of the state to raise revenue rests in the General Assembly. It always has rested there. There is no reason to attempt to decide every other restriction and form of taxation that is going to be imposed by the General Assembly.

And, again, I would suggest that if you think that we have satisfactorily resolved the revenue dilemma of this state, just look at how badly split this Convention is at this point in time, after nine months of trying to figure out how to write a revenue program into the state constitution.

I would urge you, don't take this as a—as any kind of a facetious move on the part of Mr. Foster or any of us—those of us who have supported this position from the very outset. This is the only way to write a constitutional revenue article.

PRESIDENT WITWER: Thank you. Mr. Meek?

MR. MEEK: Mr. President, I, as a member of the Revenue Committee, resent and could debate and could argue, and I'll make my position known, if and when this ever gets to sending it to Style and Drafting, but no matter how unpopular it may be, I think Len very commendably asked for it. I'm going to move the previous question. Let's get going.

PRESIDENT WITWER: Well, if nobody else wishes to debate, we'll not need the previous question. All right. We're ready now. You want to close, Mr. Foster? You opened, you close.

MR. FOSTER: I would simply remind this body that on December 7, most of us heard Mr. George Braden, who's now

on our staff, say that it is our responsibility to say who does what; it is the legislature's responsibility to say how.

The question of how has tied us in knots for the last three days; we still haven't resolved it; I think we'd better stick to constitutions and leave revenue articles—or rather, revenue statutes—to the legislature.

PRESIDENT WITWER: All right. Now, you understand what we're on. It's a motion to delete everything in the revenue report except section 1, which vests the exclusive power to raise revenue in the state by action of its General Assembly.

Now, those who will favor this—may we have a division? Those who will favor the deletion of everything but section 1 of the revenue article, raise the hand. All right, now will you lower your hands, and those who are opposed?

Now—just a minute. Mr. Davis, do you wish to be counted? Thank you. On the division, Mr. Davis votes no; he just came in. All right. The Foster amendment has failed by a vote of twenty-seven, yea; nay, fifty-seven.

Now, Mr. Friedrich, you have an inquiry?

MR. FRIEDRICH: I don't mean to prolong this, but there's a serious question in my mind exactly where we are on the Perona matter, and I just want to say where I think we are and have it verified.

We adopted the Perona amendment. We moved to reconsider it, and the motion to reconsider passed. We did not move to delete the Perona amendment; he had some other amendment which failed, but as far as I am concerned the Perona amendment is still in the package. We did not move to take it back out, and we did move to put it in.

PRESIDENT WITWER: I think it was withdrawn, Mr. Friedrich, is the advice—

MR. FRIEDRICH: I don't think he can withdraw it without an action of this body. We put it in with an action. I don't care where it is, but I think you're fouled up on it.

PRESIDENT WITWER: Mr. Foster?

MR. FOSTER: On my point of order, the Chair ruled that it could be withdrawn, and it was not appealed.

PRESIDENT WITWER: I wasn't here, but that's what took place.

MR. FRIEDRICH: I don't believe that a sponsor of an amendment can withdraw it, once it's been adopted, without action of this body.

PRESIDENT WITWER: Well, if the Chair so ruled, and if the body did not successfully appeal the Chair, the effect, I think, is action which in effect is a withdrawal; and then I understand furthermore, Mr. Perona, that the matter you just brought before us was intended by you to be in substitution, in any event. All right. I think that takes care of that. Mr. Davis?

MR. DAVIS: Mr. President, I would point out that we did reconsider the vote by which the Perona amendment was adopted; therefore, it was no longer a part of the package.

PRESIDENT WITWER: Thank you. Now, I think we need the motion. Mr. Karns, this is something to which we have been looking for a long time, Mr. Karns.

MR. KARNS: Oh, yes, we've looked forward to this with great enthusiasm, Mr. President.

PRESIDENT WITWER: Yes, indeed, sir.



## VERBATIM TRANSCRIPT OF AUGUST 10, 1970

3921

Cicero	Karns	Pappas	Wenum
Connor	Kelley	Parker, C.	Whalen
Cooper	Kemp	Parker, J.	Willer
Daley	Kenney	Parkhurst	Wilson
Davis	Ladd	Peccarelli	Witwer
Downen	Leon	Pechous	Woods
Evans	Lyons	Reum	Wymore
Fay	Macdonald	Rigney	Yordy
Fennoy	Madigan		

Ayes—70

Those voting in the negative were:

Alexander	Johnsen	Lennon, W.	Smith, E.
Butler	Kamin	Lewis	Smith, R.
Dove	Kelleghan	Netsch	Stahl
Durr	Kinney	Patch	Weisberg
Foster	Knuppel	Peterson	Young
Friedrich	Leahy	Pughsley	Zeglis
Garrison	Lennon, A.	Raby	

Nays—27

Those voting "pass"

Klaus	Lawlor	Perona	Rachunas
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"Pass"—4

**PRESIDENT WITWER:** Section 3 of the proposed revenue article as set forth in the Style, Drafting, and Submission Committee Proposal No.8, as amended—having received the vote of yea, seventy; nay, twenty-seven; four, "pass"—is hereby declared to have been approved and passed at second reading and referred to Style and Drafting Committee pursuant to rule 49.

Now, on the same motion, but on the division—the motion of Mr. Karns and Mr. Woods to approve section 4—those who will adopt that motion with respect to 4 will please say aye or yes; those opposed, nay. Will you call the roll?

(Whereupon the roll was called by the clerk and the following delegates gave an explanation of their vote.)

**MR. FRIEDRICH:** Mr. President, I vote no. I would like to see this section held until Mr. Knuppel has a chance to pursue his motion and that would only be until tomorrow.

**MR. KNUPPLE:** I'm constrained here to have to vote yes based on the Chair's ruling so that I may move to reconsider this tomorrow. I personally am opposed to sending it off at this point. I don't think this body can afford to overlook the group of people who have to be consulted on this. I don't think that we can—I don't think with as many things as this constitution is going to have against it, the way we've wound this revenue article around, the disputes which exist with respect to the judiciary, that we can afford—if there's some way to do it—that we can afford to incur the wrath of any major organization who worked so hard for this Constitutional Convention and the election of the delegates who are here. Therefore, I'll have to vote yes, and if it's necessary, move for reconsideration, in order to get to reconsideration of the Karns amendment.

Those voting in the affirmative were:

Anderson	Gertz	Madigan	Rigney
Armstrong	Gierach	Marolda	Rosewell
Arrigo	Green	McCracken	Scott
Borek	Howard	Meek	Sharpe
Bottino	Hunter	Miller	Shuman
Brannen	Jaskula	Miska	Smith, E.
Buford	Jenison	Mullen	Smith, R.
Butler	Johnson	Netsch	Stahl
Canfield	Kamin	Nudelman	Stemberk
Carey	Karns	Orlando	Tecson
Cicero	Kelley	Ozinga	Thompson
Connor	Kemp	Pappas	Tomci
Cooper	Kenney	Parker, C.	Weisberg
Daley	Kinney	Parker, J.	Wenum
Davis	Knuppel	Patch	Whalen
Dove	Ladd	Peccarelli	Willer
Downen	Leahy	Pechous	Wilson
Dunn	Lennon, W.	Perona	Witwer
Durr	Leon	Pughsley	Woods
Evans	Linn	Raby	Wymore
Fay	Lyons	Rachunas	Yordy
Fennoy	Macdonald	Reum	Young
Foster			

Ayes—89

Those voting in the negative were:

Friedrich	Johnsen	Klaus	Lewis
Garrison	Kelleghan	Lennon, A.	Peterson
Hutmacher			

Nays—9

Those voting "pass"

Alexander	Hendren	Lawlor	Mathias
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"Pass"—4

**PRESIDENT WITWER:** Section 4 of the proposed revenue article as embodied in Style, Drafting, and Submission Committee Proposal No. 8 and as amended—having received the vote of yea, eighty-nine; nay, nine; four, "pass"—is hereby declared as approved and passed at second reading and submitted to Style, Drafting, and Submission Committee for further action pursuant to rule 49.

Now, we're on section 9, same motion on the division. Those who will favor the adoption of 9 on the roll call—I beg your pardon—yes?

**MR. KNUPPLE:** Mr. Chairman, before I—I don't know the appropriate spot, but I think this would be the appropriate spot to announce that I will move for reconsideration of the vote tomorrow.

**PRESIDENT WITWER:** This is a motion by Mr. Knuppel—I wish you'd hold it; I'll take it—

**MR. KNUPPLE:** It's not a motion, sir; it's an announcement, according to rule 45.

**PRESIDENT WITWER:** Well, you'll have to make your motion, I believe is what we really intend, but we'll take it anyway. You've got all day tomorrow to make your motion—

MR. KNUPPEL: No.

PRESIDENT WITWER: —and one session day—yes, for the motion to reconsider—and if you want to make your announcement now, you can.

Now, let's get on—section 9. Those who will favor it on this roll call on the motion of Mr. Karns, seconded by Mr. Woods—this is the principal motion to approve at second reading and submit to Style and Drafting. This is the remaining section on the division. Those who approve 9 will vote yes or yea; those opposed, nay or no. Call the roll, please.

(Whereupon the roll was called by the clerk.)

Those voting in the affirmative were:

Alexander	Hendren	Mathias	Rigney
Anderson	Howard	McCracken	Rosewell
Armstrong	Hunter	Meek	Scott
Borek	Jaskula	Miller	Sharpe
Bottino	Jenison	Miska	Shuman
Brannen	Johnson	Mullen	Smith, E.
Buford	Kamin	Netsch	Smith, R.
Butler	Karns	Nudelman	Sommerschild
Canfield	Keegan	Orlando	Stahl
Carey	Kelley	Ozinga	Stemberk
Cicero	Kemp	Pappas	Tecson
Connor	Kenney	Parker, C.	Tomei
Daley	Klaus	Parker, J.	Weisberg
Davis	Ladd	Parkhurst	Wenum
Dove	Leahy	Patch	Whalen
Dunn	Lennon, W.	Peccarelli	Willer
Evans	Leon	Pechous	Wilson
Fay	Lewis	Peterson	Witwer
Fennoy	Lyons	Pughsley	Woods
Foster	Macdonald	Raby	Wymore
Gertz	Madigan	Rachunas	Yordy
Gierach	Marolda	Reum	Young
Green			

Ayes—89

Those voting in the negative were:

Downen	Johnsen	Knuppel	Linn
Dunn	Kelleghan	Lawlor	Perona
Friedrich	Kinney	Lennon, A.	Thompson
Garrison			

Nays—13

PRESIDENT WITWER: All right. Section 9 of the proposed new revenue article, as amended—as embodied in the Style, Drafting, and Submission Committee Proposal No. 8, as amended—having received the vote of yea, eighty-nine; thirteen, nay—is hereby declared approved and passed at second reading and referred to the Committee on Style, Drafting, and Submission for further action, pursuant to rule 49.

Mr. Karns, does that complete everything? We had number 10, I believe, in the major motion, the first one, so I want to thank the committee and everybody concerned for this very valiant effort. (Applause)

For what purpose do you rise, Mr. Friedrich? I stated I would recognize Mr. Friedrich.

MR. FRIEDRICH: Point of personal privilege.

PRESIDENT WITWER: Will you state it, please?

MR. FRIEDRICH: I would like to make a statement to

preface a privileged motion. I'm afraid my motion—or my thoughts here are not in keeping with the applause we just had, but I'll try to be very brief and unemotional about this, although I could be.

I think in this Convention—and I think you've seen it demonstrated the last few days—that some of you recognize, as I do, that we've reached the point of no return.

I was concerned about this—about my own judgment—but I checked my thinking with some veteran newspapermen who I think maybe can be a little more objective than we can, because they are at least once removed.

I think you know that this is not a cliché—the power to tax is the power to destroy, and that statement was made before bonded indebtedness was even invented; but I'll tell you that unlimited power to mortgage the future generations is even worse than the power to tax, because, at least we'd be taxing ourselves and not the children to come.

I think one of the most sad commentaries I can make here is that we had three men in this Convention who spent almost a lifetime in the area of revenue and taxation, and they have been—their thoughts and their wisdom has been almost completely ignored, and I refer to Delegate Scott, Delegate Garrison, and Delegate Lyons. Now, I think you know their backgrounds, and I won't go into it, except Delegate Scott has long been recognized as such; Delegate Garrison is; Delegate Lyons was—has worked with the assessor's office in Cook County, the biggest metropolitan area we have, and as chief counsel to the department of revenue certainly gives him a background.

I say we're not writing a constitution here, we are writing a formula for disaster. I say we're writing a formula for bankruptcy for this state and an exodus that you've never seen the like of for business and jobs. Illinois has been a healthy climate for business and so on. It will no longer be, if this thing prevails.

I think we have been irresponsible, and I think we've been insensitive to what the people want, if I'm capable of reading it. We have set up here an almost unlimited power to tax, an almost unlimited power to borrow, at a time when the Illinois budget has gone up 400 percent in ten years. In addition to that, we're coming along with a package which will, again, give almost unlimited power to tax and classify property to local government.

Now, you all know how we got to this point. There's some other things that are coming up in this Convention, and I think some of the real issues here and the sensitive issues to the people and the real important issues have been ignored in favor of two or three other issues. As I understand it, there was about \$12,000,000 appropriated for this Convention. I just point out to you that there is \$3,000,000 of it we can save by going home now; and it is with a great deal of regret, because there have been times in this Convention that I was most optimistic—I am no longer—and, therefore, Mr. President, I move you this privileged motion, that we do now adjourn without date, sine die.

VOICES: Roll call, roll call.

PRESIDENT WITWER: Just a minute—just a minute—just a minute. The Chair rules that your motion is out of order. The Chair rules that it's in contravention of an establish-