



— Government Consulting Group —

2025 Spring Legislative Session

End of Session Update

The Illinois General Assembly concluded the 2025 Spring Legislative Session by passing a \$55.2 billion dollar spending plan. In total, 6,745 bills were introduced this year, 4074 House bills and 2,671 Senate bills – 432 bills were approved by both chambers and will be sent to Governor J.B. Pritzker for approval. Any bill that passed the legislature has 30 days to present a bill to the Governor, and the Governor has 60 days after receiving the bill to sign, veto or issue an amendatory veto.

The Spring session presented Illinois legislators with a range of challenges, from the need for transit reform to growing concerns over the state budget. Uncertainty surrounding the new federal administration further complicated fiscal planning, particularly regarding potential changes in funding for healthcare, education, and infrastructure.

A few weeks ago, the Governor's Office of Management and Budget (GOMB) issued revised revenue projections revealing a \$500 million shortfall compared to earlier estimates, placing additional strain on efforts to craft a balanced budget for Fiscal Year 2026 (FY26). Lawmakers were forced into difficult negotiations, weighing targeted spending cuts against the need to identify new revenue sources. These pressures underscored the complexity of governing amid shifting federal priorities and constrained state resources.

The General Assembly did not pass legislation to create a new Regional Transit Authority to unify oversight of CTA, Metra, and Pace which was aimed at improving coordination, efficiency, and financial stability. While the governance portion of the bill was agreed upon, legislators were not prepared to approve the revenue enhancements needed to address the looming fiscal cliff and the growing demand for reliable, equitable, and sustainable transportation.

The Trump administration's policies significantly shaped Illinois' debates, especially around the budget, healthcare, labor, and the environment. Anticipated federal cuts to healthcare prompted negotiations to preserve Medicaid coverage and expand state subsidies.

Labor issues emerged as a key topic in the 2025 legislative session, with lawmakers proposing a range of measures aimed at updating workplace policies to reflect shifts in the evolving economic landscape under the new federal administration. Among the proposals were a gradual increase in the state minimum wage-beyond previously scheduled benchmarks, expanded paid family and medical leave, and clearer standards for classifying workers. While supporters emphasized the intent to provide stability for working families, many small business owners and industry groups voiced concerns about the potential cost and complexity of implementation. They cautioned that new mandates could strain already tight budgets, increase compliance burdens, and limit flexibility in workforce management.

These debates highlighted the need for balanced solutions that protect workers while ensuring small businesses—the backbone of Illinois’ economy—remain empowered to grow and compete. In response to federal deregulation, lawmakers also advanced stricter environmental protections—praised by some as essential for public health and criticized by others as potentially harmful to economic growth.

Lawmakers approved one of the most limited Medicaid packages in recent history. According to the Illinois Department of Healthcare and Family Services, the state’s Medicaid program currently costs approximately \$33.7 billion annually. Of that total, around \$20.9 billion—or 62%—is funded by the federal government. The state’s portion is largely generated through taxes on hospitals, nursing homes, and managed care organizations, which Illinois uses to secure federal matching funds. Many valuable program expansions and rate increases were considered during this process but ultimately could not be included due to ongoing uncertainty at the federal level. The package is estimated to cost the state just under \$1 million.

Overall, the session highlighted a broader political divide, as Illinois pursued state-level policies that often diverged from federal initiatives focused on deregulation and economic expansion.

Provided for you below is a list of bills that encompasses the FY26 spending plan for Illinois. The budget bill (SB2510) outlines the \$55.2 billion dollar state spending plan, as well as other bills including the budget implementation bill (BIMP) (HB1075), the revenue package (HB2755), and the Medicaid omnibus package (SB2437).

Below for your convenience we have provided highlights of each of these bills. We have also provided an overview of notable pieces of legislation that passed this session. Your individual legislative report is forthcoming.

SB2510 – FY26 Budget Bill (Sen. Sims / Speaker Welch)

Economic Development

- **\$500 million in funding for historic site readiness initiatives (Surplus to Success and DCEO Site Readiness Initiative):** The Governor’s site readiness plan, including the Surplus to Success program, marks the largest investment in Illinois history aimed at preparing more locations for business development. It focuses on cleaning up state-owned properties and actively promoting Illinois to attract businesses from outside the state.
- **Advancing Innovating Manufacturing for Illinois (AIM) Tax Credit (AIM Illinois) -** AIM Illinois is a newly launched incentive initiative designed to assist manufacturers, especially small and mid-sized firms, that are committing to major capital investments. It offers tax benefits to businesses investing in large-scale facilities and equipment within the state, helping Illinois better compete for and retain capital-heavy industries.
- **Enhancing Key Incentive Programs:** Incentive programs, such as EDGE and REV Illinois, by incorporating input from industry stakeholders. It expands EDGE to offer greater incentives for businesses investing \$100 million or more and broadens REV to cover more sectors within the electric vehicle supply chain. These updates strengthen Illinois’ ability to attract and keep businesses in the state.

- **Capital Investment Programs:** In addition to the site readiness capital initiatives, the FY26 budget supports a range of workforce and business development programs. These include \$24 million for manufacturing training academies, \$50 million for the Enterprise Fund, and \$75 million for the Prime Sites Capital Grant Program to help Illinois remain economically competitive. Additionally, \$1.5 million is allocated to the Made in Illinois program, which assists small and mid-sized manufacturers.

Education

- \$307 million more for K-12 schools through the Evidence-Based Funding formula, raising the total to \$8.9 billion — a \$2.1 billion increase since Governor Pritzker took office.
- \$10 million increase for college financial aid, boosting MAP grants and AIM HIGH scholarships to \$771.6 million and helping over 162,000 students.
- \$44 million more for public colleges and universities, including \$35 million for universities and \$9 million for community colleges.
- \$748 million kept for early childhood education, which has added over 11,000 new preschool spots in underserved areas over the past two years.

Healthcare and Human Services

- \$25 million appropriation for a grant for a new Pharmacy Benefits Management (PBM) program called the Prescription Drug Affordability Fund.
- \$15 million for the Medical Debt Relief Program. To date, the program has provided over \$100 million in debt relief for more than 100,000 Illinoisans – which represents \$1,000 in medical debt relief for every state dollar spent.
- \$24 million to maintain support for reproductive health initiatives, including \$10 million for the public facing navigation hotline to help patients access care.

Public Safety

- The FY26 budget continues to prioritize gun violence reduction programs and resources through Reimagine Public Safety. The budget includes an additional \$46 million in state support to maintain programs and services previously covered by COVID-era federal funds.
- \$7.5 million in new funding for the Not-for-Profit Security Grant Program.

Social Security Retirement

- The Pritzker Administration worked with the General Assembly to create a new reserve fund for Social Security Wage Base (SSWB) for State Tier II members.
- The FY26 budget sets aside \$75 million for this reserve, investing the amounts expected to be necessary to cover the estimated first-year costs of adjusting social security wage base (SSWB) for State Tier II members until legislation is enacted.

HB1075 – Budget Implementation Bill (BIMP) (Rep. Gabel / Sen. Sims)

- Allows the Governor to reserve 2% of Illinois' state funds as a safeguard against potential federal funding cuts.
- Grants the Governor a procurement exemption for Medicaid in the event that the federal government imposes work requirements for SNAP.
- Extends the repayment period for the Comptroller's emergency transfer authority—from 7 days to 30 days—when used to cover payroll.

HB2755 – Revenue Omnibus Package (Rep. Tarver / Sen. Villanueva)

- Creates a tax of 0.25 cents per wager for a sports betting licensee's first 20,000 wagers accepted, and 0.50 cents per wager after that.
- Increases tobacco products tax rate to 45% from 36%. Vape products and nicotine pouches will also now be included under the tax.
- Pauses the final transfer of motor fuel sales tax revenue to the road fund.
- Amends state law to tax sales from all businesses that transact in the state, rather than only businesses with a physical presence in Illinois.
- Businesses outside Illinois that sell \$100,000 or more to people in the state must also collect Illinois sales taxes even if the business doesn't have a physical location in Illinois. Applies to businesses like Amazon.
- Eliminates a "safe harbor" exemption for businesses that move money outside the state. Businesses that move profits to other countries would also be subject to the state's corporate income tax.
- Extends the state's Hotel Operators' Occupation Tax to short-term rentals like Airbnb and Vrbo.
- Another source of new revenue is a delinquent tax payment incentive program designed to help the state recuperate overdue tax payments.

SB2437 – Medicaid Omnibus Package (Sen. Aquino / Rep. Moeller)

- Enables and simplifies the process for family members of medically fragile children who qualify for in-home nursing care to receive training to become certified family health aides, a designation that would enable them to administer medications, help with feeding and perform many of the same tasks as a certified nursing assistant.
- Requires all hospitals with licensed obstetric beds and birthing centers to adopt written policies that permit patients to have an Illinois Medicaid certified doula of their choosing to accompany them and provide support before, during and after labor and delivery.
- Covers noncitizens who meet the income requirements for Medicaid and have pending applications for asylum in the United States or for special visas as victims of trafficking, torture or other serious crimes.
- Removes the program for immigrant adults, which covered about 31,000 noncitizens age 42-64.

Below are a few highlights of legislation that passed both chambers that pertain to your industry.

HB1189 – Prevailing Wage-Federal Projects (Rep. Hoffman / Sen. Belt)

- Amends the Illinois Prevailing Wage Act to expand the definition of “public works” to include federal construction projects administered or controlled by a public body, but only if the state’s prevailing wage is equal to or higher than the federal rate.
- Ensures that more federally funded projects fall under state prevailing wage protections when they meet this threshold. Makes a conforming change and takes effect on July 1, 2025.

HB1224 – Government Contract Retainage (Rep. Davis / Sen. Preston)

- Modifies the Public Construction Bond Act to limit how much retainage can be withheld on public works contracts.
- Prohibits the State or local governments except the Department of Transportation and the Illinois State Toll Highway Authority—from withholding more than 10% retainage before 50% of the contract is completed, and requires that retainage be reduced to no more than 5% after that point.
- Clarifies that retainage may only be withheld if satisfactory progress is not being made and that such decisions must be based on clearly defined contract milestones.
- Contractors are further restricted from withholding retainage from subcontractors unless it directly corresponds to the amount withheld by the agency.

SB1976 – Workers Rights and Safety (Sen. Peters / Rep. Evans, Jr.)

- Creates the Workers' Rights and Worker Safety Act and the Illinois Safe and Healthy Workplace Act.
- Prevents state agencies from weakening worker protections below federal wage, hour, or mine safety standards as they existed on April 28, 2025, unless authorized by future state law.
- Empowers the Illinois Department of Labor to reinstate repealed or revised federal safety standards to maintain strong occupational health protections.

SB2339 – Privacy in the Workplace (Sen. Cervantes / Rep. Gonzalez, Jr.)

- Updates state law regarding the use of Electronic Employment Verification Systems such as E-Verify.
- Allows employers to voluntarily enroll in these systems, by clarifying that participation is permitted regardless of whether it's required by federal law.
- Provides protections for employers who act in good faith based on guidance from state or federal authorities or who make administrative errors that do not impact employee pay or employment.

Other notable pieces of legislation that passed both chambers during the Spring session include the following:

SB126 – Ins-Code-Alzheimer’s Treatment (Sen. Murphy / Rep. Gill)

- Requires health insurance providers to cover medication that slows the progression of Alzheimer’s Disease and related dementias.
- Applies to private health insurance plans regulated by the state, self-insuring counties, self-insuring municipalities, self-insuring school districts, health maintenance organizations, and limited health service organizations.

SB212 – Nursing Mothers in the Workplace (Sen. Fine / Rep. Stuart)

- Expands on the protections guaranteed to working mothers in the Illinois Nursing Mothers in the Workplace Act and the federal Fair Labor Standards Act by defining “reasonable” in the requirement for employers to provide reasonable break time for an employee to express breast milk.
- Requires employers to compensate nursing mothers at their regular pay rate and nursing mothers cannot be forced to use their paid leave to express breast milk.

Sb1344 – Prevailing Wage-Public Works (Sen. Halpin / Rep. Vella)

- Expands the definition of "public works" under the Prevailing Wage Act to include sewer inspection projects using closed-circuit television.
- Establishes civil penalties for contractors or subcontractors who fail to submit certified payrolls and directs those fines to the Employee Classification Fund for use in enforcement and education.
- Includes conditional provisions tied to the Workplace Transparency Act, allowing compensatory damages if HB3638 becomes law.

SB1723 – EPA Sole Source Aquifer (Sen. Faraci / Rep. Ammons)

- Bans carbon sequestration over, under or through portions of the Mahomet Aquifer.

HB1697 - Prescription Drug Affordability Act (Rep. Manley / Sen. Koehler)

- Represents a comprehensive reform targeting pharmacy benefit managers (PBMs) and prescription drug pricing in Illinois.
- Establishes stricter regulations for PBMs, prohibiting spread pricing, limiting drug access restrictions, and requiring them to pass on 100% of manufacturer rebates to insurers.
- Introduces detailed transparency and reporting requirements for PBMs, including annual submissions on the number of covered individuals and associated payments to the Department of Insurance.
- Allocates up to \$25 million in grants through the Department of Commerce and Economic Opportunity to support pharmacies, especially those serving critical access areas, and mandates reimbursement for 340B pharmacies based on acquisition costs.

HB2371 – Patient Access to Pharmacy Protection Act (Rep. Moeller / Sen. Koehler)

- Creates the Patient Access to Pharmacy Protection Act. Prohibits anyone, including drug manufacturers, from interfering with a 340B drug's purchase or delivery to covered entities or contract pharmacies, unless prohibited by federal law.
- Bans restrictions on contract pharmacy arrangements and forbids requiring specific actions from 340B entities or pharmacies. Each violation counts separately.
- Includes provisions on reporting, drug eligibility, preventing duplicate discounts, enforcement by the Attorney General, penalties, and preemption.

HB3493 – Local Regulation-State Facilities (Rep. Mason / Sen. Halpin)

- Limits the ability of local governments to regulate or delay the construction, improvement, or installation of state facilities.
- Local permitting requirements are unenforceable, except for those concerning wastewater or environmental protection mandated by state or federal law.
- Requires the Capital Development Board to coordinate with local utilities and fire services, to compensate local governments for fair infrastructure costs.
- Preempts home rule powers to ensure consistent statewide standards, with limited exceptions for large cities (over 500,000 population) with prior agreements.

The following bills did not pass the General Assembly but were negotiated among the bill's sponsor and associations that would be impacted by this legislation.

SB40 – Energy Omnibus (Sen. Preston / Rep. Hoffman)

- Revises provisions under the Electric Vehicle Act and the Energy Transition Act, including adjustments to beneficial electrification efforts and the Illinois Climate Works Preapprenticeship Program.
- Allows contractors to earn bid credits for hiring apprentices from state-supported training programs and modifies utility regulations and electric vehicle rebate fund procedures.

SB75 – Utilities-Water Acquisition (Sen. Murphy / Rep. Guzman)

- Removes the recovery of costs associated with an investment in a qualifying infrastructure plant from reasons the Illinois Commerce Commission may authorize a water or sewer utility to file a surcharge.

SB1872 – Plastic Bag Reduction Act (Sen. Castro)

- Prohibits, starting July 1, 2029, a retail mercantile establishment from offering or making available a single-use checkout bag to consumers at the point of sale.
- Allows a retail mercantile establishment to offer a recycled paper bag or reusable bag to consumers.
- Requires a fee of at least \$0.10 per recycled bag to be retained by the retail mercantile establishment.

SB2401 – Wetlands Protection Act (Sen. Ellman)

- Creates the Wetlands Protection Act, requiring a state-issued permit from the Department of Natural Resources to discharge dredged or fill material into jurisdictional wetlands.
- Establishes permitting procedures, environmental safeguards, enforcement mechanisms, and civil penalties, while allowing for exemptions, emergency permits, and mitigation programs.
- Creates the Wetlands Protection Fund and grants rulemaking and oversight authority to the Department.

HB2857 – Highway Work Zone Safety Act (Rep. Andrade, Jr. / Sen. Murphy)

- Creates the Highway Work Zone Safety Act to improve enforcement of speed limits in construction and maintenance zones through automated systems.
- Establishes the Highway Work Zone Safety Speed Control Program administered by the Illinois Department of Transportation (IDOT) in coordination with the Illinois State Police.

HB3213 – Employment-Prohibit Covenants (Rep. Moeller)

- Prohibits the use of any restrictive covenants, even reasonable covenants not to solicit, which are allowed in other industries, and even as to owners and managers for the construction industry.