ILLINOIS PASSES NEW CAPITAL BILL, CANNABIS LEGALIZATION, AND SPORTS BETTING

These past three months have been busy for Illinois and for us at ILEPI. Our recent research has been important to recent bills passed in Illinois.

On May 31, the Governor signed legislation to legalize recreational cannabis for those 21 years or older, following in the footsteps of 10 other states that had already legalized cannabis. Recreational cannabis will be legal on January 1, 2020. Our study found that, once fully implemented, the policy could generate $525 million in new tax revenue, create more than 20,000 new jobs at Illinois businesses, and boost the economy by $1 billion annually.

On June 28, the Governor signed the “Rebuild Illinois” plan into law. Rebuild Illinois allocates a total of $33.2 billion for transportation projects statewide over the next six years, including more than $25 billion in state, federal, and local funds for roads and bridges; about $5 billion for mass transit; over $1 billion for rail projects; and about $50 million in bicycle and pedestrian infrastructure projects—creating over 80,000 jobs per year. The historic capital plan will modernize our infrastructure, update state facilities, and fund public colleges and universities. Our studies on infrastructure investment found that Illinois needs over $4 billion per year to bring all roads, bridges, and transit systems into a state of good repair and over $21 billion to address deferred building maintenance.

In addition, on June 28, the Governor enacted sports betting legislation, which allows Illinois residents to place bets both in-person at physical sportsbooks and online. Our study found that net revenues for the gaming industry would increase by over $500 million annually and about 2,500 new jobs would be created at licensed locations. The legislation will also raise state tax revenue about $100 million per year, helping to fund programs that treat gambling addiction and fund infrastructure investments.

ILLINOIS ECONOMIC INDICATORS

Jobs added (rank), June-18 to June-19 = +79,200 jobs (8)
State unemployment rate (rank), June-19 = 4.3% (43)
Average private sector wage, June-19 (rank) = $28.58 (12)
Private sector wage growth from June-18 to June-19 (rank) = +5.0% (9)
NEW: Illinois Flash Index (as of June-19) = 105.2

Illinois Unemployment Rate, Past 12 Months

- June-18: 4.2%
- Jul-18: 4.3%
- Aug-18: 4.2%
- Sep-18: 4.2%
- Oct-18: 4.3%
- Nov-18: 4.3%
- Dec-18: 4.3%
- Jan-19: 4.4%
- Feb-19: 4.4%
- Mar-19: 4.4%
- Apr-19: 4.4%
- May-19: 4.4%
In May 2016, West Virginia completely repealed its prevailing wage law. Many lawmakers were persuaded by a claim that the state could “build five new schools for the price of three” if prevailing wage was repealed. However, according to findings from our new study, repeal of the law has had negative consequences for West Virginia’s construction workers, contractors, and communities while failing to deliver any meaningful cost savings.

Since repeal, inflation-adjusted hourly wages have fallen for carpenters, electricians, and operating engineers in West Virginia. Average wage growth for West Virginia’s construction trades has been between 1 percent and 8 percent slower than in neighboring states with prevailing wage laws. In addition, the number of active registered apprentices has fallen by 28 percent in West Virginia, relative to neighboring states with prevailing wage laws.

Moreover, the on-the-job construction worker injury rate increased by 26 percent post-repeal. An analysis of 107 winning prime contract bids finds that repeal has had no statistical impact on inflation-adjusted school construction costs. Instead, West Virginia has seen cost overruns and more out-of-state firms may be getting subcontracted work.

Repeal of prevailing wage has produced a race to the bottom. Construction worker wages have not kept pace with the rising cost-of-living, apprenticeship training has fallen significantly, and on-the-job injury rates have worsened. Above all, repeal has failed to provide any cost savings on school construction projects for taxpayers. Instead, repeal has had negative effects in West Virginia.