



BOARD OF COMMISSIONERS OF COOK COUNTY

Cook County Building, Board Room, 118 North Clark Street, Chicago, Illinois

JOURNAL OF PROCEEDINGS

Special Board Meeting

**President's Executive Budget Recommendation Message of the President to the
Cook County Board of Commissioners and submittal of the Executive Budget for Fiscal Year 2017**

Thursday, October 13, 2016, 11:00 AM

LUIS ARROYO, JR.
RICHARD R. BOYKIN
JERRY BUTLER
JOHN P. DALEY
JOHN A. FRITCHEY
BRIDGET GAINER
JESUS G. GARCIA
GREGG GOSLIN
EDWARD M. MOODY

STANLEY MOORE
SEAN M. MORRISON
TIMOTHY O. SCHNEIDER
PETER N. SILVESTRI
DEBORAH SIMS
ROBERT B. STEELE
LARRY SUFFREDIN
JEFFREY R. TOBOLSKI

**DAVID ORR
COUNTY CLERK**

Board met pursuant to the following call:

October 6, 2016

The Honorable David Orr
Cook County Clerk
69 West Washington Street
Fifth Floor
Chicago, Illinois 60602

Re: SPECIAL MEETING NOTICE for October 13, 2016 at 11:00 A.M. in County Board Room, 118 North Clark Street, Room 569, Chicago, Illinois

Dear Clerk Orr:

Pursuant to the authority vested in me, I hereby call a Special Meeting of the Board of Commissioners of Cook County to be convened on Thursday, October 13, 2016, at the hour of 11:00 A.M. in the County Board Room, Room 569, County Building, 118 North Clark Street, Chicago, Illinois. At said meeting, the Executive Budget for Fiscal Year 2017 will be presented to the Cook County Board of Commissioners.

Please issue the Notice of this Special Meeting as required by law.

Very truly yours,
Toni Preckwinkle, President

COPY OF LETTER SENT TO ALL COMMISSIONERS

October 7, 2016

President and Members
Cook County Board of Commissioners

Ladies and Gentlemen:

Toni Preckwinkle, President of the Board of Commissioners of Cook County, has directed me to call a Special Meeting of the Board of Commissioners of Cook County on Thursday, October 13, 2016 at the hour of 11:00 A.M. in the County Board Room, Room 569, County Building, 118 North Clark Street, Chicago, Illinois. At said meeting, the Executive Budget for Fiscal Year 2017 will be presented to the Cook County Board of Commissioners.

Very truly yours,

David Orr
County Clerk

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The following Legal Notice appeared in the Chicago Tribune Newspaper, Monday, October 10, 2016 through Thursday, October 13, 2016.

LEGAL NOTICE

Toni Preckwinkle, President of the Board of Commissioners of Cook County, has directed me to call a Special Meeting of the Board of Commissioners of Cook County on Thursday, October 13, 2016 at the hour of 11:00 A.M. in the County Board Room, Room 569, County Building, 118 North Clark Street, Chicago, Illinois. At said meeting, the Executive Budget for Fiscal Year 2017 will be presented to the Cook County Board of Commissioners.

Very truly yours,

DAVID ORR, Cook County Clerk and Clerk
of the Board of the Commissioners of Cook County, Illinois

OFFICIAL RECORD

President Preckwinkle in the Chair.

CALL TO ORDER

At 11:00 A.M., being the hour appointed for the meeting, the President called the Board to order.

QUORUM

County Clerk David Orr called the roll of members and there was found to be a quorum present.

ROLL CALL

Present: Commissioners Arroyo, Boykin, Butler, Daley, Fritchey, Gainer, García, Moody, Moore, Silvestri, Suffredin and Tobolski (12)

Absent: Commissioners Goslin, Morrison, Schneider, Sims and Steele (5)

PUBLIC TESTIMONY

Pursuant to Cook County Code of Ordinances, public testimony will be permitted at regular and special meetings of the Board. Duly authorized public speakers shall be called upon at this time to deliver testimony germane to a specific item(s) on the meeting agenda, and the testimony must not exceed three (3) minutes. The names of duly authorized speakers shall be published in the Post Board Action Agenda and Journal of Proceedings as prepared by the Clerk of the Board.

1. George Blakemore, Concerned Citizen
2. Dr. Karen Larimer, American Heart Association
3. Janna Simon, Illinois Public Health Institute
4. Mary Elsner, American Academy of Pediatrics
5. Danielle Devito, American Heart Association
6. Dr. Donald Zeigler, Evanston Health Advisory
7. Reid Nuttal, Cool Clouds Vapor Shop

PRESIDENT

16-5866

Presented by: TONI PRECKWINKLE, President, Cook County Board of Commissioners

EXECUTIVE BUDGET RECOMMENDATION

Department: Office of the President

Summary: Executive Budget Recommendation Message of the President to the Cook County Board of Commissioners and submittal of the Executive Budget for Fiscal Year 2017.

FY2017 Budget Address

Last year, I stood before you and talked about our budget challenges. That challenge was two-fold: to address our immediate needs and priorities and, at the same time, plan for our future. With this sense of responsibility we made the tough choice – a decision that was particularly difficult for me – to increase the sales tax in order to ensure the long-term financial viability of Cook County government and the services we provide. As I committed last year, that revenue is dedicated entirely to addressing the out-sized legacy debt we inherited and the immense challenges at the Pension fund, as well as reversing the long-standing diversion of resources away from infrastructure.

It is because of this very commitment that, in a climate of financial turmoil on the state level, Cook County's financial outlook has improved, and in fact all three bond rating agencies upgraded our bond rating outlook to stable, firmly in investment grade, earlier this year.

The budget I present today solves for our \$174 million deficit. It supports our core services, reinforces our policies, and, again, plans for our future.

Now to most of us, \$174 million is a pretty big number. It is more money than most of us can really get our arms around. But, Cook County, as the largest county in Illinois and the second largest county in the country, has a \$4.4 billion overall budget. In that context, it can be difficult to understand why \$174 million represents such a challenge.

What makes this year challenging is not just the size of our deficit, but the reasons for it. A seemingly endless stalemate at the State-level not only impacts our daily operations, but also our ability to conduct our own financial planning. We have to address inherited expenses, namely increasing debt service costs and the historic neglect that has led to antiquated and outdated information systems throughout the County. And we have to do this while many of our revenue sources are declining.

As Cook County Board President, it's my obligation to present a balanced budget. That budget, however, is largely focused not on my office but on the support and maintenance of our public health and public safety system. In fact, 87% of our budget is dedicated to public health and public safety. My own office represents only 7% of the over 23,000 positions that make up Cook County government. I say this because I want to make it clear – I'm not here advocating on behalf of myself, or even my team. I'm carrying out my responsibility as President to support County-wide services and advanced shared priorities.

To do that, there were two possible solutions, both difficult. One, I could put forth a proposal that would significantly impair our criminal justice system over the next three years and undermine the progress we are making in public health. It would mean over 1,000 fewer positions in our criminal justice system, including prosecutors, public defenders, sheriff's deputies and critical support staff, programs and services. Instead of focusing on becoming more fair and effective, we would be focusing just on getting by.

Instead, my budget recommendation, reinforces our commitment to criminal justice reform, and makes an unprecedented investment in public safety. It builds on our pledge to strengthen and support our neighborhoods through community-based health care, economic development and infrastructure.

In order to do this, I am again asking you to make the difficult but necessary choice: to support a moderate tax on sweetened beverages. This is not, I repeat *not*, a grocery tax. We are targeting beverages with high quantities of sugar and artificial sweetener, such as carbonated soft drinks, sports drinks, and energy drinks. At 1 cent per fluid ounce, that means a can of soda that currently costs 99 cents would now cost \$1.11. A 20 oz bottle of soda will go from \$2.19 to \$2.39. This will not impact natural or nutritional beverages – such as milk or milk-based products, natural fruit juices, baby formula or weight reduction or therapeutic meal replacements.

My motivation is to support our public health and safety systems. However we should not overlook the positive health impacts it promotes. Earlier this week, the World Health Organization released a report that said taxing sweetened beverages can lower obesity, type 2 diabetes and tooth decay. Our own health system, which provides a medical home for many residents of the communities most at risk for these chronic illnesses, sees it firsthand. In the past 12 months, CCHHS has spent more than \$200M treating diabetes, obesity and other conditions that could be improved by reduced sugar intake. Berkeley, California which passed a similar measure last year, has already seen soda consumption decrease by 20% in some neighborhoods.

Raising revenue is never my first choice. However, this is an option that reflects our commitment to public health, by both supporting and expanding the services we provide as well as helping to encourage healthier habits. Going into effect July 1st, it would raise \$74 million this year to support our core mission.

I do want to be clear that I did not come to this decision lightly. The proposal put before you represents months of effort – working with business and labor leaders, our criminal justice stakeholders, our public health team and my fellow elected officials.

I understand that it means shared sacrifice – both from County officials and employees, who will again be asked to do more with less – and from residents, who are being asked to help support the work we do.

I've always said that responsible budgeting doesn't look just at the challenges immediately before us – but plans for the future. That was our objective for this year's budget. We assessed the challenges and defined the priorities, and the budget introduced today lays the foundation for the next three years. We are including in this recommendation is our commitment that there will be no increase in tax rates for the next three fiscal years.

This budget isn't just about numbers or line items – it's about the people and communities we serve, primarily within the areas of public safety, public health and now increasingly in economic development. I want to focus on public safety, because it is the majority of our budget and the core of our mission.

Every single day we are confronted with the news that yet another family has lost a loved one – sons and daughters; mothers and fathers. There are too many weekends that are summed up by a tally of those shot and killed I know we all agree these losses are unacceptable. At the same time the rising tide of heroin and opioid deaths is battering our communities as well, including many less affected by violence. Both public health and public safety are challenged as never before. Gun deaths and fatal overdoses are the bold face type that can illustrate the deeper, more widespread losses due to addiction, the crime addiction drives, the violence symptomatic of unresolved trauma, and a lack of real jobs and opportunities. Ultimately, all of these issues and the underlying causes are a threat to our economic and our social health.

Throughout much of the region, crime and violence remain at historic lows, according to the Federal Bureau of Investigation statistics. But there are areas here in Cook County, as in the rest of the country, where violence and crime are in fact increasing. These are communities, which are both racially and economically segregated, where young men of color, traumatized by violence and poverty, lack opportunities for education and employment. These are the communities where violence flourishes. These are struggling neighborhoods which people are fleeing but casualties are still increasing. Victims and perpetrators are one and the same, and innocent bystanders are caught in the cross-fire.

Victims and perpetrators can be neighbors, and family members can end up in prison. Here, the vicious cycle of violence continues uninterrupted. These communities aren't just found within Chicago. In fact, the crime rates in some of our western and southern suburban areas are just as high or higher than those of the most dangerous police districts in Chicago.

And for those of you who don't call these communities home, remember that safety, much like health, doesn't abide by any boundary. It is as impossible to have a violent community and a safe county just as it is to have a sick individual and a healthy family.

I've made no secret that, in order for our criminal justice system to be effective, it must be reformed – both in terms of how it treats our most vulnerable residents and how we allocate and spend our tax dollars. This has centered on the need to reduce the over-reliance on pre-trial detention. Coming into office, our jail averaged over 10,000 detainees a day.

Unnecessary detention - locking up thousands of people who could be released safely in the community to await their trial - costs too much money and damages too many lives. Every year, Cook County spends \$330 million to maintain jail operations.

The more troubling cost is that when someone is detained who poses no flight risk or danger to themselves or others, it only increases the likelihood that they go deeper into the criminal justice system. The clearest example of the detrimental impact of our over reliance on detention is reflected in the fact that over fifty percent of the people exiting our jail will return within three years. There is clearly a better way to use our resources and to serve our residents.

Everyone in this room has probably heard me talk about this. Criminal justice reform is one of my top priorities – and will remain so.

As Cook County Board President, I'm not in the court rooms or the tiers of the jail. I don't charge or defend; I don't pronounce judgment. My role has been, and remains, to advocate and raise awareness, to help shape sound policy decisions and to facilitate the collaboration necessary for meaningful criminal justice reform. A critical part of this is supporting and partnering with our criminal justice stakeholders and I thank for their hard work each and every day.

With the support and assistance of the Illinois Supreme Court, we have been able to focus on the processes and procedures of our Central Bond Court. Using an assessment tool identified by Chief Judge Evans that provides more complete, current and relevant information to all parties involved regarding the risk and community ties of individuals going through bond court, we have been able to reduce the confined population at the jail by 25% over the last three years.

Because of this steady decline, we are working with Sheriff Dart to reduce the size of the jail campus by a total of approximately 568,000 sq. ft. Demolition will begin next month, starting with Division 3, the 30 year old building for minimum and medium security detainees. By tearing down that building alone, we are saving over \$150,000 in annual utility costs and avoiding almost \$24 million in necessary capital improvement costs. Next year, we will demolish two other divisions which will reduce our campus foot print by another 487,000 feet, save more than \$900,000 in annual operation costs and avoid over \$148 million in required capital improvement costs. I want to acknowledge Sheriff Dart and his Office in this effort. It may sound straight forward enough – fewer detainees, means fewer buildings and the need for less staff. But there is a great deal of planning required – from decommissioning buildings, rearranging operations, moving equipment, and retraining staff – and it would be impossible without his leadership. But, as our work is far from over, we are commissioning a master plan to analyze and evaluate the remaining structures of the jail campus and make recommendations for future demolition, repurposing or renovation.

We will continue to work to reduce pretrial detention and address the racial disparities that still plague our system, despite the reduction in our jail population. We will continue to improve the bond court process, including implementing a long-overdue court date reminder program. Because, surely, if we can remind someone of a dental appointment, we can do the same for an upcoming court date.

While we try to make our criminal justice system more fair and effective, we cannot overlook what brings people into our criminal justice system in the first place.

We have to complement our criminal justice system improvements with effective community intervention and support. To date, we have awarded nearly \$11.5 million in grants focused on addressing violence, reducing recidivism and restoring justice. These grants are the best tool we have to invest in community-based interventions that serve those at risk or involved in the criminal justice system. That is why, today, I'm calling for our grant program to be doubled to \$6 million a year in order to increase our support for community anti-violence efforts. In addition to investing in our existing grant categories of Violence Prevention, Anti-Recidivism and Restorative Justice, additional resources mean we can encourage organizations to work together to develop comprehensive, community-wide strategies and initiatives for some of our most at risk communities.

We must also go after external grants. Just last week, we were awarded a \$1 million Federal grant – one of only six awarded nationally - to address youth violence in the targeted South Suburban communities of Harvey, Ford Heights and Robbins. We are partnering with the Strengthening Chicago's Youth program through the Ann & Robert H. Lurie Children's Hospital, the Ford Heights Community Service Organization and a host of other stakeholders in these communities, to provide coordinated prevention and intervention services, including trauma-informed care to children, teenagers and young adults, ages 10 to 24, who have been affected by the terrible violence in our communities. We cannot alter the past but we can make sure these young people face the future with new resiliency. This is just one of the ways we are working to invest in health to address the impact of violence.

We have to learn what practices prove most effective and how we can be better partners. That is why we are building relationships with local universities, including the Center for Criminal Justice Research, Policy and Practice at Loyola, under the leadership of Dr. David Olson, Lisa Jacobs, and Diane Geraghty. I have charged our Justice Advisory Council with ensuring that we set the standard for all county stakeholders by providing our academic partners with full access to the data available to us. We want more than their cooperation, we want their honest input – and will take their feedback to heart.

We are working to increase transparency and access to this information for all those involved and invested in criminal justice reform. We are building the infrastructure to share information with all criminal justice stakeholders so that every decision-maker is informed and we avoid waste, duplication and inefficiency. Additionally, every criminal justice stakeholder is being asked to do more with less and strategically lower their position counts. This year, we will be reducing over 250 positions across the criminal justice system totaling more than \$9.7 million in salary savings alone.

Our primary mission of public safety and public health must work in conjunction. For too long, too many health issues were addressed through criminal justice channels. But jails are not designed to be treatment centers. We cannot lock up everyone who needs treatment. It is far too costly – both for taxpayers and for the individuals who cycle in and out of our system without getting the necessary help to address their underlying health issues.

I applaud the Cook County Health and Hospitals System for their commitment to our core mission to serve the most vulnerable, and the critical role they must play in ensuring both the health and safety of our communities. In this budget, we see an increased commitment to preventative, community-based care, especially serving those most vulnerable. We now serve as a major provider of substance abuse and mental health treatment in the region. Local, state and federal cuts for social service agencies have been felt in our jail and emergency rooms. This has only strengthened our resolve. Dr. Shannon and his team are implementing an ambitious behavioral health plan that includes expanding substance abuse treatment, integrating behavioral health into primary care and working to better link our justice-involved population to health care both during detention and post-release.

With valuable assistance from the Chicago Police Department, we have launched our first Community Triage Center in Roseland. Modeled after successful programs in other cities, individuals with behavioral health conditions – whether substance abuse, mental health or both – can now walk into the Community Triage Center, at any time, and get stabilized and connected to community-based services. We expect the CTC to further reduce the jail population, save financial resources and most importantly provide these individuals with better outcomes. It also provides the Chicago Police Department with an alternative to arrest. Just this week, the Police Department issued an order to allow officers to bring appropriate individuals to the CTC rather than book them and send them to the County Jail.

The Chicago Police are facing a lot of criticism these days but they have been great partners on this project. They have supported the Cook County Health and Hospitals staff as they work to provide alternatives to a purely criminal justice approach to people teetering on the edge of crisis, detention and even death.

Our Cook County Health and Hospitals System stands at a turning point. We have an historically high level of insured patients, due in large part to the successful implementation of CountyCare, our Medicaid expansion program. Now, we are building a modern, integrated health system that is a provider of choice, not of last resort, for all our residents. With more insured patients, we are better able to provide quality care to those who remain uninsured. While our system is well known and respected for our inpatient care, training and research, at the core of our new strategic plan is a commitment to preventive, community-based primary and specialty care.

We are working to renovate, rebuild or relocate community health centers in the coming years, to provide our patients with the same modern facilities as our competitors. This starts with the redevelopment of our west side health campus, which will improve the delivery of care for our patients and consolidate services currently spread across three buildings. I look forward to seeing all of you at the groundbreaking next month.

At the same time, we need to make sure our staffing aligns with our strategic plan. This budget reflects the System's plan to add 129 net new positions. This will further expand service quality and patient safety efforts, increase our behavioral health services as well as build new expertise in key areas, such as case management and managed care, as well as increase additional capacity in others, such as surgical and critical care.

We know that health care doesn't just happen within the walls of a Doctor's office. We are working to expand the definition of wellness through new programming. We are partnering with the Greater Chicago Food Depository on a county-wide Food Access Task Force. Already, we have been able to implement food access screening at four of our clinics. Since the program started earlier this year, we have been able to provide fresh fruits and vegetables to over 1,500 households representing over 5,100 individuals. By the end of next year, we expect to have integrated both the food insecurity assessment tool, and fresh food trucks visits, to all of our community health centers.

At the same time, our Department of Public Health leads the charge on disease awareness, education and prevention. Under the leadership of Dr. Terry Mason, we have partnered with the Housing Authority of Cook County to support the implementation of smoke-free buildings for residents in its 22 public housing properties. As a result, 3,500 residents can breathe easier at home.

This year, I am calling for additional resources to be dedicated to awareness and screening for chronic illness, particularly diabetes, in the communities most at risk. To that end, we will be using some of the revenue generated from the tax on sweetened beverages to planning for two lifestyle centers, one in the Austin community and one at Provident Hospital, fully staffed with dietitians, nurses, medical social workers and exercise professionals. Access to exercise, health education and other social support services will be critical to our ability to assist individuals in preventing or managing diabetes or heart disease.

Our budget must be a reflection of our mission. That is true of each of the budget recommendation I've have presented; it is especially true this year. But that is only possible if we build it on a foundation of fiscal responsibility.

There is no quick fix. This revenue proposal is necessary – but it accounts for less than half – 43% actually - of the solutions in the recommendation before you. More than half our solution is derived from our continued determination to drive down costs and increase efficiency across the County.

After six years and \$430 million in expenditure reductions, we are cutting another \$78.5 million this year, including \$31.9 million in personnel cuts and an additional 1% reduction in our workforce. All offices, including my own, are being asked to do more with less. With that in mind, we aren't just reducing the workforce; we are reducing the County's real estate foot print. This budget includes the consolidation of our two general warehouses into one, which will result in an additional \$1.5 million in savings. We will also see reductions as part of the development of our health campus and the demolition of buildings within our jail campus. This is part of our larger commitment to reduce our real estate footprint by 1 million square feet by 2018.

Our goal is to become more effective, but also more efficient at what we do. While jury trials are a cornerstone of our criminal justice system, we found that we can be more efficient in how we utilize our citizens for jury duty. So, working with the Chief Judge, we are reducing the number we call by 33%, or roughly 300,000 individuals, and thereby increasing the percentage of those called actually being asked to serve. We are reducing the inconvenience on our residents and saving money at the same time.

Since taking office, we have made it a priority to increase our tax enforcement and compliance efforts, such as increasing our field audits and working with the Circuit Court on collecting outstanding debts. Our efforts have brought in an additional \$20 million revenue in 2016. Especially in a year when we must ask for additional revenue, we have to make sure we are collecting all that is already due.

At the end of the day, this remains a tough budget. There will be criticism - that is inevitable. But the work we have done, the work we are doing, the work we will do cannot be summed up in a sound bite or a splashy headline.

I didn't seek this position because I thought it would be easy. I did it because I believed in what we do at the county and am willing to work hard to get it done. As a teacher, I make a point to speak with students as often as I can. I always share with them my three guiding principles: planning, persistence and gratitude. It's not only what got me here, it's what sustains me in this work: the vision of what we can accomplish, the ability to work together to achieve it and gratitude for the help of those who make it possible.

Thank you.

**REFERRAL OF EXECUTIVE BUDGET FOR FISCAL YEAR 2017
TO THE COMMITTEE ON FINANCE**

Pursuant to the statutes of the State of Illinois, Chapter 55, Article 6, a motion was made by Commissioner Daley, seconded by Commissioner Boykin, that the Executive Budget for Fiscal Year 2017 be referred to the Finance Committee. The motion carried.

NEW ITEMS

In accordance with Cook County Code Section 2-103(g) Amendment or Suspension of rules, Commissioner Daley, seconded by Commissioner Boykin, moved to suspend Section 2-105(h) prior notice to public. The motion carried.

15-5932

Sponsored by: TONI PRECKWINKLE, President of the Cook County Board of Commissioners

PROPOSED RESOLUTION

FISCAL YEAR 2017 REVENUE INITIATIVE AND MODIFICATION OF FUTURE COOK COUNTY HOME RULE AND PROPERTY TAXES

WHEREAS, since FY 2011, the overall full time employee positions (“FTE”) have decreased by over 2,000 FTE’s, with the General, Health and Grant Funds realizing a 10% reduction since FY 2011; and

WHEREAS, through the passage of the FY 2016 Annual Appropriation Bill, Cook County Board President, Toni Preckwinkle ("President") and the Cook County Board of Commissioners took significant steps to promote the long-term sustainability of County government; and

WHEREAS, given the fiscal challenges facing the County in FY 2016, additional expenditure reductions and new sources of revenue were implemented in order to begin to address the County’s long-term needs in a responsible manner so as not to unduly burden the children and grandchildren of current taxpayers with extensive debt and unfunded pension liabilities; and

WHEREAS, despite efforts to continue to stream line services and hold the line on revenue increases in FY 2017, the County’s Preliminary Budget forecast released in June projected a budget shortfall of \$174.3 million for FY 2017; and

WHEREAS, the fact remains that 87% of the County’s operating budget goes to Public Health and Public Safety; revenues fail to keep pace with the rate of inflation; and technology, pharmaceutical and other costs have exceeded the rate of inflation; and

WHEREAS, in order to continue to build a fiscally sound foundation with long term financial sustainability, efforts have been undertaken in the proposed FY 2017 budget recommendation to further streamline County services; reduce vacant and filled positions; prioritize the delivery of critical public safety and health services; and address the County’s revenue needs; and

WHEREAS, the FY 2017 budget recommendation includes an additional one percent reduction in positions; includes the layoff of 300 employees; implements non-personnel reductions and proposes various management initiatives as cost saving measures; and

WHEREAS, the FY 2017 budget recommendation includes over \$78 million in expenditure reductions; however, to seek additional expenditure reductions would result in a significant impairment of our public health and public safety operations; and

WHEREAS, in order to prevent devastating cuts to the County’s public safety and public health operations, a one cent sweetened beverage tax is being sought to generate the funds needed to cover the remaining \$74.6 million deficit for FY 2017; and

WHEREAS, implementing a sweetened beverage tax on both sugar sweetened and artificially sweetened beverages will not only allow the County to address various public safety and health funding needs but it is an important public health initiative to discourage sweetened beverage consumption among youth and adults which over time should assist in lowering obesity rates, preventing type 2 diabetes, reducing cardiovascular disease, reducing kidney decline in women and reducing other serious health problems; and

WHEREAS, implementing a sweetened beverage tax on largely consumed sweetened beverages could result in healthier beverage and food choices by both youth and adults and a healthier Cook County community long term; and

WHEREAS, proposing a new revenue initiative, streamlining services, reducing vacant positions and implementing layoffs are not easy choices; however, Cook County and its leadership must continue to act responsibly to address the long-term needs of the County's residents and taxpayers and balance the proposed sweetened beverage tax with cuts.

NOW, THEREFORE, BE IT RESOLVED, that the President and the Cook County Board of Commissioners do hereby support passing a one cent sweetened beverage tax in an effort to improve public health as well as cover the remaining \$74 million deficit for the FY 2017 budget and avoid devastating cuts to the County's public health and public safety budgets; and

BE IT FURTHER RESOLVED, that the sweetened beverage tax revenue estimates for FY 2018 would allow the County to maintain the proposed streamlined services levels recommended in the FY 2017 budget in FY 2018; and

BE IT FURTHER RESOLVED, that the President and the Cook County Board of Commissioners do hereby resolve upon passage of the proposed sweetened beverage tax, that the President and the Cook County Board of Commissioners will not further increase any of the tax rates provided in the County's home rule tax ordinances in FY 2017, FY 2018 or FY 2019 or deviate from the property tax restrictions provided in the County's Cook County Property Tax Relief Ordinance as provided in Chapter 74, Article II, Section 74-38 of the County's Code of Ordinances.

A motion was made by Commissioner Daley, seconded by Commissioner Moody, that the Proposed Resolution be referred to the Finance Committee. The motion carried.

16-5931

Sponsored by: Toni Preckwinkle, President of the Cook County Board of Commissioners

PROPOSED ORDINANCE

SWEETENED BEVERAGE TAX

WHEREAS, the County of Cook is a home rule unit of local government pursuant to Article VII, Section 6(a) of the 1970 Illinois Constitution; and

WHEREAS, the Illinois Constitution provides that home rule units may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to regulate for the protection of the public health, safety, morals and welfare; to license; to tax; and to incur debt; and

WHEREAS, Illinois law (55 ILCS 5/5-1009) permits home rule units to impose "taxes not based on the selling or purchase price or gross receipts from the use, sale or purchase of tangible personal property"; and

WHEREAS, the U.S. Department of Health and Human Services, the U.S. Department of Agriculture, and the World Health Organization, based on a summary of the available evidence linking intake of added sugar and sugar sweetened beverages to adverse health outcomes including obesity and diabetes, have recommended that Americans consume no more than 10% of their daily calories in the form of added sugar; and

WHEREAS, numerous organizations and agencies, including the American Heart Association, American Diabetes Association, American Academy of Pediatrics, Institute of Medicine of the National Academies, American Medical Association, and the Centers for Disease Control, recommend limiting intake of added sugar and sugar sweetened beverages to improve health; and

WHEREAS, studies show that sugary beverages flood the liver with high amounts of sugar in a short amount of time and that this "sugar rush" over time leads to fat deposits and metabolic disturbances that cause diabetes, cardiovascular disease, and other serious health problems; and

WHEREAS, diseases connected to sugary beverages disproportionately impact minorities and low-income communities; and

WHEREAS, two out of three adults and one out of three children in the United States are overweight or obese and on any given day, half the people in the U.S. consume sugary drinks, with one in four consuming at least 200 calories from such drinks and 5% drinking at least 567 calories (equivalent to four cans of soda); and

WHEREAS, the University of Connecticut RUDD Center for Food Policy & Obesity found that residents of the City of Chicago consume approximately 140 million gallons of sweetened beverages per year; applying such analysis to the County, Cook County residents are estimated to consume approximately 269 million gallons of sweetened beverages per year; and

WHEREAS, sodas, sports drinks, coffees and other sugar sweetened beverages packed with calories constitute the largest source of added sugars in the diets of American children and consuming only one sugar sweetened beverage per day correlates positively with weight gain for children and adolescents; and
WHEREAS, a 2008 study found drinking more than two servings of diet soda (a beverage containing non-caloric sweeteners) a day doubled the risk for kidney decline in women; and

WHEREAS, the Multiethnic Study of Atherosclerosis found that daily consumption of beverages containing non-caloric sweeteners was associated with 36% greater risk for metabolic syndrome and 67% increased risk for type 2 diabetes; and

WHEREAS, a 2012 study found that consumption of diet soft drinks was associated with increased risk for vascular events, including stroke; and

WHEREAS, in the San Antonio Heart Study, participants who drank more than 21 beverages containing non-caloric sweetener per week were twice as likely to become overweight or obese as people who did not drink such beverages; and

WHEREAS, the World Health Organization recently stated that implementing taxes on sugar sweetened beverages can lower consumption and reduce obesity, type 2 diabetes and tooth decay; and

WHEREAS, in an effort to promote public health, including lowered obesity rates, the Board of Commissioners has determined that a County tax not based upon the selling or purchase price or gross receipts from the use, sale or purchase thereof should be imposed on the sale of sweetened beverages in Cook County, as provided herein.

NOW, THEREFORE, BE IT ORDAINED, by the Cook County Board of Commissioners, that Chapter 74 - Taxation, Article XXII. Sweetened Beverage Tax, Sections 74-850 to 74-859 of the Cook County Code is hereby enacted as Follows:

ARTICLE XXII. - SWEETENED BEVERAGE TAX

Sec. 74-850. - Short title.

This Article shall be known and may be cited as the Cook County Sweetened Beverage Tax Ordinance.

Sec. 74-851. - Definitions.

The following words, terms and phrases, when used in this Article, shall have the meanings ascribed to them in this Section, except where the context clearly indicates a different meaning:

Beverage for medical use means (1) a beverage suitable for human consumption and manufactured for use as an oral nutritional therapy for persons who cannot absorb or metabolize dietary nutrients from food or beverages, or for use as an oral rehydration electrolyte solution formulated to prevent or treat dehydration due to illness; and (2) medically necessary foods, as defined in the federal Orphan Drug Act, 21 U.S.C. 360ee(b)(3), as amended. Beverage for medical use shall not include drinks commonly referred to as "sports drinks" or any other common names that are derivations thereof.

Beverage dispensing machine means a fountain drink machine, device that combines syrup or syrup concentrate and carbon dioxide with chilled and purified water, or other refrigerated beverage machine used to serve non-carbonated drinks.

Bottle means any sealed container regardless of size or shape, including, but not limited to, those made of glass, metal, paper, plastic, or any other material or combination of materials.

Bottled sweetened beverage means any sweetened beverage contained in a bottle that is ready for consumption without further processing such as, but not limited to, dilution or carbonation.

Caloric sweetener means any caloric substance used as an ingredient of a beverage, syrup, or powder that includes sucrose, fructose, glucose and/or other sugars, suitable for human consumption which adds calories to the diet of a person who consumes that substance.

County means the County of Cook.

Department means the Department of Revenue.

Distributor means any person, including manufacturers and wholesale dealers, who receives, stores, manufactures, bottles or distributes bottled sweetened beverages, syrup or powder, for sale to retailers doing business in Cook County, whether or not that person also sells such products to purchasers.

Milk means natural liquid milk regardless of animal or plant source or butterfat content, natural milk concentrate, whether or not reconstituted, regardless of animal or plant source or butterfat content, or dehydrated natural milk, whether or not reconstituted and regardless of animal or plant source or butterfat content.

Natural fruit juice means the original liquid resulting from the pressing of fruits or the liquid resulting from the dilution of dehydrated natural fruit juice.

Natural vegetable juice means the original liquid resulting from the pressing of vegetables or the liquid resulting from the dilution of dehydrated natural vegetable juice.

Non-alcoholic beverage means any beverage that contains less than one-half of one percent alcohol per volume.

Non-caloric sweetener means any non-caloric substance used as an ingredient of a beverage, syrup or powder that includes aspartame, saccharin, stevia and/or sucralose, suitable for human consumption which does not add calories to the diet of a person who consumes that substance.

Person means any individual, corporation, Limited Liability Corporation, organization, government, governmental subdivision or agency, business trust, estate, trust, partnership, association and any other legal entity.

Powder means any solid mixture, containing any caloric sweetener or non-caloric sweetener as an ingredient, intended to be used in making, mixing or compounding a sweetened beverage by combining the powder with one or more other ingredients by hand or in a beverage dispensing machine.

Purchaser means any person who purchases in a retail sale.

Retail sale means any sale to a person for use or consumption, and not for resale.

Retailer means any person engaged in the business of selling sweetened beverages at retail in the County.

Sale, resale and selling means any transfer of ownership or possession or both, exchange or barter, conditional or otherwise, in any manner or by any means whatsoever for valuable consideration.

Sweetened beverage means any non-alcoholic beverage, carbonated or non-carbonated, which is intended for human consumption and contains any caloric sweetener or non-caloric sweetener, and is available for sale in a bottle or produced for sale from using syrup and/or powder. Sweetened beverage does not include (1) beverages consisting of 100% natural fruit or vegetable juice; (2) beverages in which milk, or soy, rice, or similar milk substitute, makes up more than 50% of the beverage or is the first listed ingredient on the label of the beverage; (3) beverages to which a purchaser can add, or can request that a retailer add, caloric sweetener or non-caloric sweetener; (4) infant formula; (5) beverages for medical use; (6) any liquid sold as a therapeutic nutritional meal replacement or for use for weight reduction as a meal replacement; or (7) any syrup or powder that the purchaser himself or herself combines with other ingredients to create a beverage.

Syrup means a liquid mixture, containing any caloric sweetener or non-caloric sweetener as an ingredient, intended to be used, or actually used, in making, mixing or compounding a sweetened beverage by combining the syrup with one or more other ingredients using a beverage dispensing machine.

Sec. 74-852. - Tax imposed and liability for payment.

(a) Effective July 1, 2017, a tax is hereby imposed on the retail sale in Cook County of all sweetened beverages.

- (1) The tax shall be imposed at the rate of \$0.01 per ounce of bottled sweetened beverages sold.
- (2) The tax on sweetened beverages produced through the use of syrup and/or powder, sold either as syrup or powder or as a sweetened beverage derived from that syrup or powder shall be \$0.01 per ounce of sweetened beverage produced from that syrup or powder. For purposes of calculating the tax, the volume of sweetened beverage produced from syrup or powder shall be equal to the largest volume, in ounces, of sweetened beverages that could be produced from the syrup or powder. The largest volume shall be determined based on the manufacturer's instructions.

(b) The ultimate incidence of and liability for payment of the tax levied in this Article is to be borne by the purchaser of the sweetened beverage. Nothing in this Article shall be construed to impose a tax upon the occupation of distributors or retailers.

(c) It shall be deemed a violation of this Article for any distributor or retailer to fail to include the tax imposed in this Article in the sale price of the sweetened beverage, syrup and/or powder or to otherwise absorb the tax. The tax levied in this Article shall be in addition to any other taxes.

(d) Except as provisions are made in this Article for the collection of the tax levied in this Article upon the sweetened beverages, syrup and/or powder in the possession of retailers on the effective date of the ordinance from which this Article is derived, the tax levied in this Article shall be collected by each distributor when it sells sweetened beverages, syrup and/or powder to a retailer or a purchaser in Cook County.

(e) Any distributor of sweetened beverages, syrup and/or powder shall collect the tax levied by this Article from any retailer to whom the sale of sweetened beverages, syrup and/or powder is made and remit the tax to the Department. Any retailer shall in turn then collect the tax from the purchaser of sweetened beverage. Should a distributor sell sweetened beverages directly to a purchaser, the distributor shall collect the tax from that purchaser. The tax shall be paid to the person required to collect it as trustee for and on behalf of the County.

Sec. 74-853. - Registration and remittance.

(a) Any distributor who engages in the business of selling sweetened beverages, syrup and/or powder in the County must register with the Department, in accordance with procedures prescribed by the Department, within 30 days after the effective date of this ordinance, and after such 30 days has passed, prior to engaging in the business of selling sweetened beverages, syrup and/or powder for resale, use or consumption in the County. Failure to register pursuant to this section shall be considered a violation of this Article.

(b) Distributors shall file each month with the Department a tax return reflecting sales of sweetened beverages, syrup and/or powder, in such form as prescribed and furnished by the Department, on or before the 20th day of the month following the month for which the return is due. Each tax return shall be accompanied by a remittance of the appropriate amount of tax applicable to the sales reported. The remittance shall be made payable to the County Collector. Registered distributors must file a monthly return even if no tax is due. Failure to file a monthly return and remit applicable tax shall be considered a violation of this Article.

(c) Any retailer who acquires sweetened beverages, syrup and/or powder from an unregistered distributor or on which tax was not previously paid, must file a tax return, in such form as prescribed and furnished by the Department, on or before the 20th day of the month following the month in which the sweetened beverages, syrup and/or powder were acquired. Each return must be accompanied by a remittance of the appropriate amount of applicable tax. The remittance shall be made payable to the County Collector. Failure of a retailer to file a return and remit applicable tax shall be considered a violation of this Article.

(d) The Department, in its discretion, may require that registration be completed, tax returns be submitted, and payments be made electronically.

Sec. 74-854. - Tax-free sales.

(a) Registered distributors shall not pay or collect a tax with respect to sweetened beverages, syrup and/or powder which are otherwise subject to the tax when the sweetened beverages, syrup and/or powder are being sold to the following:

- (1) Another registered distributor; or
- (2) An unregistered distributor, a retailer or a purchaser when the selling distributor, or its agent, delivers the sweetened beverages, syrup and/or powder to a location outside of Cook County.

(b) The tax imposed by this Article shall not apply to purchases of sweetened beverages by a passenger on an interstate carrier; nor shall this tax apply to purchases that are specifically exempt from taxation under Federal law. It shall be presumed that all sales of sweetened beverages from distributors or retailers are subject to the tax under this Article until the contrary is established.

Sec. 74-855. - Tax in addition to other taxes.

The tax imposed by this Article is in addition to all other taxes imposed by the Government of the United States, the State, or by any unit of local government.

Sec. 74-856. - Books and records.

(a) Every distributor and every retailer shall keep accurate books and records showing all transactions that gave rise, or may have given rise, to any tax liability, exemption or defense to liability.

(b) Books and records and other documents shall be kept, by distributors and retailers, for the taxable time period as listed in the statute of limitations section of the Cook County Uniform Penalties, Interest and Procedures Ordinance, Chapter 34, Article III, Sec. 34-60 et seq. All books and records shall be kept in the English language and, at all times during business hours, shall be subject to and available for inspection or copying by the Department. Failure to keep books and records pursuant to this section shall be considered a violation of this Article.

Sec. 74-857. - Violation; penalties.

Any person determined to have violated this Article, as amended, by failing to file a return and/or failing to remit taxes shall be subject to the penalties listed in the Cook County Uniform Penalties, Interest and Procedures Ordinance, Chapter 34, Article III. Any person determined to have violated any other provisions of this Article shall be subject to a fine of \$1,000.00 for the first offense, and a fine of \$2,000.00 for the second and each subsequent offense. Separate and distinct offenses shall be regarded as committed each day upon which said person shall continue any such violation, or permit any such violation to exist after notification thereof. It shall be deemed a violation of this Article for any person to knowingly furnish false or inaccurate information to the Department. Criminal prosecution pursuant to this Article shall in no way bar the right of the County to institute civil proceedings to recover delinquent taxes, interest and penalty due and owing as well as costs incurred for such proceeding.

Sec. 74-858. - Application of uniform penalties, interest and procedures ordinance.

Whenever not inconsistent with the provisions of this Article or whenever this Article is silent, the provisions of the Cook County Uniform Penalties, Interest and Procedures Ordinance, Chapter 34, Article III shall apply and supplement this Article.

Sec. 74-859. - Rulemaking.

(a) The Department shall prescribe reasonable rules, definitions, and regulations necessary to carry out the duties imposed upon it by this Article. Such rules, definitions, and regulations shall take into account existing practices of sweetened beverage distributors and retailers for collection and remittance of the tax herein levied.

(b) On or before August 20, 2017, every retailer of sweetened beverages doing business in the County shall file with the Department, on forms prescribed by it, a sworn tax return reporting the inventory of sweetened beverages, syrup and/or powder, on which the sweetened beverage tax was not previously paid, in their possession or control on June 30, 2017. With said tax return, the retailer shall remit to the Cook County Collector the taxes due with respect to all sweetened beverages, syrup and/or powder, on which the sweetened beverage tax was not previously paid which were in the retailers' possession on June 30, 2017. The retailer shall in turn collect the tax from its purchasers.

Effective date: This ordinance shall be in effect beginning March 1, 2017.

A motion was made by Commissioner Daley, seconded by Commissioner Moody, that the Proposed Ordinance be referred to the Finance Committee. The motion carried.

ADJOURNMENT

A motion was made by Commissioner Daley, seconded by Commissioner Boykin, that the meeting do now adjourn to meet again on October 26, 2016, in accordance with County Board Resolution 16-0557. The motion prevailed and the meeting stood adjourned.



County Clerk