



Board of Commissioners of Cook County

Minutes of the Finance Public Hearing and Committee Meeting

Wednesday, July 15, 2015

10:00 AM

**Cook County Building, Board Room, 569
118 North Clark Street, Chicago, Illinois**

ATTENDANCE

Present Chairman Daley, Vice Chairman Sims, Commissioners Arroyo, Boykin, Butler, Fritchey, Gainer, García, Gorman, Goslin, Moore, Murphy, Schneider, Silvestri, Steele, Suffredin and Tobolski (17)

Also Present: President Preckwinkle (1)

Chairman Daley asked for leave for President Preckwinkle to give a statement.

Commissioner Suffredin asked for leave to allow people that signed up to speak at the Special Board Meeting to speak at the Finance Committee.

PUBLIC TESTIMONY

1. Don Finn, IBEW
2. Jacky Grimshaw, Center for Neighborhood Technology
3. Mayor Vernard Alsberry, Village of Hazel Crest
4. Mayor Dorothy Armstrong, Village of Dixmoor
5. Apostle Kenneth McEastland speaking (on behalf of McCoy) grouped with Patricia Samuels & Lisa Miller, Diane Howard
6. Bona Heinsohn, Director of Governmental Affairs, Cook County Farm Bureau
7. Brian Mitchell, Village of Matteson
8. Mark Maher, Political Director – Carpenters Union
9. George Blakemore, Concerned Citizen
10. Michael Tierney, Plumbers Local 130
11. Valenica Winstead
12. Dr. Barbara Norman
13. Craig Horwitz, V.P. H. Horwitz Co., Chicago, Retail
14. Pamela Cannon (SEIU)
15. Arlean Myers (SEIU)
16. Pastor TL Barrett (speaking) standing with Rev. Earl Grandberry
17. Brent Lewandowski
18. Michael L. Reeve , Chicagoland Chamber of Commerce
19. Apostle G. E. Bradshaw (speaking) standing w/ Pastor Jeffery Ball
20. Valarie Dean Emanuel (SEIU)
21. Jorge Perez, Hispanic American Construction Industry Association (HACIA)

22. James Phipps(SEIU)
23. Pastor Marvin Hunter, Lawndale Chamber of Commerce
24. Rev. Steve Nelson, Christ Missionary Baptist Church
25. Rev. Leon Finney, Metropolitan Apostolic Community Church
26. Lawrence Msall
27. Scott Price, Tom's Price Furniture
28. Deno Andrews
29. Tanya Triche
30. Bernard Garvey
31. Victor Crown
32. Betty Boles, SEIU 73 Local
33. William Kyle
34. Peter Hanig, Hanig Shoes
35. Rev. Findley C. Campbell
36. Rev. Marrice Coverson
37. County Employees' and Officers' Annuity and Benefit Fund of Cook County (written testimony)
38. The Honorable David Webb, Jr., Mayor, City of Markham (written testimony)
39. Theresa E. Mintle, Chicagoland Chamber of Commerce (written testimony)
40. Todd Maisch, Illinois Chamber of Commerce (written testimony)
41. David Hinderliter, Chicago Southland Chamber of Commerce (written testimony)
42. Melinda Kelly, Chatham Business Association (written testimony)
43. Rob Karr, Illinois Retail Merchants Association/Chicago Retail Merchants Association (written testimony)
44. Teyonda Wertz, South Shore Chamber, Inc (written testimony)
45. Kaili Harding, Schaumburg Business Association(written testimony)
46. Kim Schilf, Lincoln Park Chamber of Commerce (written testimony)

Amendment to File #15-4291

Meeting of the Finance Committee of the Cook County Board of Commissioners

July 15, 2015 10 AM

Sponsored by: RICHARD R. BOYKIN, County Commissioner

PROPOSED RESOLUTION

PROPOSED AMENDMENTS TO THE COOK COUNTY'S HOME RULE RETAILER'S OCCUPATION AND SERVICE OCCUPATION TAXES

WHEREAS, Cook County Board President, Toni Preckwinkle ("President") and the Cook County Board of Commissioners successfully reduced Cook County's Retailer Occupation and Service Occupation Taxes (hereinafter referred to as "Sales Tax") in 2012 and 2013 to address the economic reality at that time and to promote and ensure operational efficiencies and a streamlined County government; and

WHEREAS, the Sales Tax reduction implemented by the President and the Cook County Board of Commissioners allowed approximately one and a half billion dollars to remain in the pockets of Cook County taxpayers during the 2011 through 2015 fiscal years; and

WHEREAS, the Sales Tax reduction led to a downsized workforce, a reduction in non-essential expenditures, enhanced collaboration resulting in a more streamlined County government, reductions in the County's Health System operating tax allocation, structured capital improvement plans, and a more efficient government; and

WHEREAS, the President and the County's Finance Team have undertaken preliminary budget briefings with members of the Cook County Board of Commissioners to discuss options to further streamline services as well as evaluate revenue opportunities; and

WHEREAS, given the fiscal challenges facing the County, additional expenditure reductions and new sources of revenue such as a property tax increase or a sales tax increase, are required to continue moving Cook County forward and to address its 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, to serve the interests of current and future County residents and taxpayers, additional revenue opportunities and expenditure reductions are needed to address actuarially projected shortfalls associated with the County Officers' and Employees' Annuity and Benefit Fund ("the Annuity Fund"); County legacy debt service payments; and County road and infrastructure needs; and

WHEREAS, in consideration of feedback provided by the Cook County Board of Commissioners, the President supports an increase in the County's Sales Tax in 2016; the purpose behind this increase is to assist in promoting the long-term financial health of the Annuity Fund, address increasing legacy debt service payments in a financially prudent fashion, ~~and fund various road and infrastructure needs, and to provide supportive governmental services to protect the public health, safety and well-being of the poorest and most vulnerable residents of Cook County;~~ and

WHEREAS, through statute, the State of Illinois has established the Annuity Fund as an independent body politic, separate and apart from Cook County, and has further established statutory rules and systems that govern the financing for and the measurement standards of annuities associated with the Annuity Fund; and

WHEREAS, despite the fact that Cook County employees and Cook County taxpayers consistently have contributed to the Annuity Fund the full amount permitted by law, the Annuity Fund is on a trajectory of eventual insolvency within 20 to 25 years; and

WHEREAS, according to current actuarial calculations, the statutory imbalance between contributions made by employees and taxpayers to the Annuity Fund and the corresponding actuarial and market-based measurement standards associated with the Annuity Fund increases costs by approximately \$1,000,000 per day; and

WHEREAS, various parties representing County employees, County taxpayers and County executive and legislative leaders have worked to develop certain State legislative reforms that seek to equitably balance the interests of all parties to address this imbalance; and

WHEREAS, said State legislative reforms, if enacted into law, could reduce annual annuity-related actuarial costs, permanently protect and preserve annuities, and deliver a healthcare trust fund and other significant new value to annuitants; and

WHEREAS, while any action taken by the County must anticipate the possibility of legislative action by the State of Illinois that could reduce the costs potentially attributable to taxpayers; in the absence of such legislative action, the County must create the means to contribute additional resources to and reduce actuarial costs associated with the Annuity Fund when permitted by law; and

WHEREAS, while the President remains hopeful that the State of Illinois will enact said legislative reforms, it is neither prudent nor fiscally responsible for the County to wait for State legislative reforms before taking action and a Sales Tax increase would prepare the County to be able to take action in a fair and responsible manner to help promote the long term health of the Annuity Fund; and

WHEREAS, on July 8, 2015 the Governor of Illinois introduced a comprehensive pension reform bill which incorporates the legislative reforms specifically sought by the various parties representing County employees, County taxpayers, and County executive as referenced above; and

WHEREAS, President and the Cook County Board of Commissioners affirm that if the Governor's pension reform bill is passed into law and subsequently upheld as Constitutional by the Supreme Court of Illinois, these events shall immediately trigger an automatic rollback of the Sales Tax increase to its previous level.; and

WHEREAS, the Sales Tax increase will allow Cook County to make \$55 million in increased annual legacy debt service payments by Fiscal 2017 without raising the property tax levy by a like amount; and

WHEREAS, the Sales Tax increase will allow Cook County to focus on County-wide road and infrastructure needs resulting in an anticipated additional funding of \$64.5 million annually by 2017 when compared with 2015 funding via Motor Fuel Taxes; and

WHEREAS, \$5 million of the proceeds from the Sales Tax increase shall be set aside to establish the Amari Darnell Brown Parenting Workshop Grant program, which shall be administered by Cook County in order to provide parenting support to at-risk families in low-income communities with a demonstrated need for such services; and

WHEREAS, proceeds from the Sales Tax increase shall be set aside to establish a Cook County Job Training and Workforce Readiness grant program which shall provide job training and workforce readiness support to Cook County residents in low-income communities that have demonstrated a need for such services; and

WHEREAS, increasing the Sales Tax is not an easy choice; 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 their children and grandchildren.

NOW, THEREFORE, BE IT RESOLVED, that the President and the Cook County Board of Commissioners do hereby support increasing the Cook County Retailers' Occupation and Service Occupation Taxes to reduce actuarially projected shortfalls associated with the Annuity Fund, absorb the County's legacy debt service increases, ~~and~~ to provide additional funding for road and infrastructure projects, to establish the Amari Darnell Brown Parenting Workshop Grant program, which shall be administered by Cook County in order to provide parenting support to at-risk families in low-income communities with a demonstrated need for such services, and to establish a Cook County Job Training and Workforce Readiness grant program which shall provide job training and workforce readiness support to Cook County residents in low-income communities that have demonstrated a need for such services; and

BE IT FURTHER RESOLVED, that the President intends to recommend the appropriation of certain sums attributable to a Sales Tax increase and establish such mechanisms as will result in a greater contribution of tax receipts to the Annuity Fund as may be permitted by law, a significant increase in the County's long-term debt service associated with legacy borrowing from the year 2010 and earlier years, ~~and~~ additional funding for road and infrastructure projects in the Appropriation Ordinance and Bill for Fiscal Year 2016, the establishment of the Amari Darnell Brown Parenting Workshop Grant program, which shall be administered by Cook County in order to provide parenting support to at-risk families in low-income communities with a demonstrated need for such services, and the establishment of a Cook County Job Training and Workforce Readiness grant program which shall provide job training and workforce readiness support to Cook County residents in low-income communities that have demonstrated a need for such services; and

BE IT FURTHER RESOLVED, that ~~the President and the Cook County Board of Commissioners do hereby resolve to look at future reductions to the Cook County Retailers' Occupation and Service Occupation Taxes in the event the State of Illinois enacts legislation that reduces the long-term actuarial costs associated with the Annuity Fund~~ if the Governor's pension reform bill is passed into law and subsequently upheld as Constitutional by the Supreme Court of Illinois, these events shall immediately trigger an automatic rollback of the Sales Tax increase to its previous level.

A motion was made by Commissioner Boykin, seconded by Commissioner Suffredin, that this Resolution be amended. Commissioner Boykin called for a Roll Call., the motion failed by the following vote:

Ayes: Commissioners Boykin and Suffredin (2)

Nays: Chairman Daley, Vice Chairman Sims, Commissioners Arroyo, Butler, Gainer, García, Gorman, Goslin, Moore, Murphy, Schneider, Silvestri, Steele and Tobolski (14)

Present: Commissioner Fritchey (1)

15-4291

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

PROPOSED RESOLUTION

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WHEREAS, Cook County Board President, Toni Preckwinkle ("President") and the Cook County Board of Commissioners successfully reduced Cook County's Retailer Occupation and Service Occupation Taxes (hereinafter referred to as "Sales Tax") in 2012 and 2013 to address the economic reality at that time and to promote and ensure operational efficiencies and a streamlined County government; and

WHEREAS, the Sales Tax reduction implemented by the President and the Cook County Board of Commissioners allowed approximately one and a half billion dollars to remain in the pockets of Cook County taxpayers during the 2011 through 2015 fiscal years; and

WHEREAS, the Sales Tax reduction led to a downsized workforce, a reduction in non-essential expenditures, enhanced collaboration resulting in a more streamlined County government, reductions in the County's Health System operating tax allocation, structured capital improvement plans, and a more efficient government; and

WHEREAS, the President and the County's Finance Team have undertaken preliminary budget briefings with members of the Cook County Board of Commissioners to discuss options to further streamline services as well as evaluate revenue opportunities; and

WHEREAS, given the fiscal challenges facing the County, additional expenditure reductions and new sources of revenue such as a property tax increase or a sales tax increase, are required to continue moving Cook County forward and to address its 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, to serve the interests of current and future County residents and taxpayers, additional revenue opportunities and expenditure reductions are needed to address actuarially projected shortfalls associated with the County Officers' and Employees' Annuity and Benefit Fund ("the Annuity Fund"); County legacy debt service payments; and County road and infrastructure needs; and

WHEREAS, in consideration of feedback provided by the Cook County Board of Commissioners, the President supports an increase in the County's Sales Tax in 2016; the purpose behind this increase is to assist in promoting the long-term financial health of the Annuity Fund, address increasing legacy debt service payments in a financially prudent fashion, and fund various road and infrastructure needs; and

WHEREAS, through statute, the State of Illinois has established the Annuity Fund as an independent body politic,

separate and apart from Cook County, and has further established statutory rules and systems that govern the financing for and the measurement standards of annuities associated with the Annuity Fund; and

WHEREAS, despite the fact that Cook County employees and Cook County taxpayers consistently have contributed to the Annuity Fund the full amount permitted by law, the Annuity Fund is on a trajectory of eventual insolvency within 20 to 25 years; and

WHEREAS, according to current actuarial calculations, the statutory imbalance between contributions made by employees and taxpayers to the Annuity Fund and the corresponding actuarial and market-based measurement standards associated with the Annuity Fund increases costs by approximately \$1,000,000 per day; and

WHEREAS, various parties representing County employees, County taxpayers and County executive and legislative leaders have worked to develop certain State legislative reforms that seek to equitably balance the interests of all parties to address this imbalance; and

WHEREAS, said State legislative reforms, if enacted into law, could reduce annual annuity-related actuarial costs, permanently protect and preserve annuities, and deliver a healthcare trust fund and other significant new value to annuitants; and

WHEREAS, while any action taken by the County must anticipate the possibility of legislative action by the State of Illinois that could reduce the costs potentially attributable to taxpayers; in the absence of such legislative action, the County must create the means to contribute additional resources to and reduce actuarial costs associated with the Annuity Fund when permitted by law; and

WHEREAS, while the President remains hopeful that the State of Illinois will enact said legislative reforms, it is neither prudent nor fiscally responsible for the County to wait for State legislative reforms before taking action and a Sales Tax increase would prepare the County to be able to take action in a fair and responsible manner to help promote the long term health of the Annuity Fund; and

WHEREAS, the Sales Tax increase will allow Cook County to make \$55 million in increased annual legacy debt service payments by Fiscal 2017 without raising the property tax levy by a like amount; and

WHEREAS, the Sales Tax increase will allow Cook County to focus on County-wide road and infrastructure needs resulting in an anticipated additional funding of \$64.5 million annually by 2017 when compared with 2015 funding via Motor Fuel Taxes; and

WHEREAS, increasing the Sales Tax is not an easy choice; 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 their children and grandchildren.

NOW, THEREFORE, BE IT RESOLVED, that the President and the Cook County Board of Commissioners do hereby support increasing the Cook County Retailers' Occupation and Service Occupation Taxes to reduce actuarially projected shortfalls associated with the Annuity Fund, absorb the County's legacy debt service increases, and to provide additional funding for road and infrastructure projects; and

BE IT FURTHER RESOLVED, that the President intends to recommend the appropriation of certain sums attributable to a Sales Tax increase and establish such mechanisms as will result in a greater contribution of tax receipts to the Annuity Fund as may be permitted by law, a significant increase in the County's long-term debt service associated with legacy borrowing from the year 2010 and earlier years, and additional funding for road and infrastructure projects in the Appropriation Ordinance and Bill for Fiscal Year 2016; and

BE IT FURTHER RESOLVED, that the President and the Cook County Board of Commissioners do hereby resolve to look at future reductions to the Cook County Retailers' Occupation and Service Occupation Taxes in the event the State of Illinois enacts legislation that reduces the long-term actuarial costs associated with the

Annuity Fund

A motion was made by Vice Chairman Sims, seconded by Commissioner García, that this Resolution be recommended for approval. Commissioner Boykin called for a Roll Call, the motion carried by the following vote:

Ayes: Chairman Daley, Vice Chairman Sims, Commissioners Arroyo, Butler, García, Moore, Murphy, Steele and Tobolski (9)

Nays: Commissioners Boykin, Fritchey, Gainer, Goslin, Schneider, Silvestri and Suffredin (7)

Present: Commissioner Gorman (1)

A motion was made by Commissioner García, seconded by Commissioner Murphy, that this Resolution be reconsidered. A Roll Call was taken. the motion failed by the following vote:

Aye: Commissioners Boykin, Fritchey, Gainer, Goslin, Schneider, Silvestri and Suffredin (7)

Nay: Chairman Daley, Vice Chairman Sims, Commissioners Arroyo, Butler, García, Moore, Murphy, Steele and Tobolski (9)

Present: Commissioner Gorman (1)

15-4292

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

PROPOSED ORDINANCE AMENDMENT

COOK COUNTY SERVICE OCCUPATION TAX

NOW, THEREFORE BE IT ORDAINED, by the President and the Cook County Board of Commissioners that Chapter 74, TAXATION, Article V. - SERVICE OCCUPATION TAX, Sections 74-190 through 74-192 be amended as follows:

ARTICLE V. - SERVICE OCCUPATION TAX

Sec. 74-190. - Short title.

This article shall be known and may be cited as the Cook County Home Rule County Service Occupation Tax Ordinance.

Sec. 74-191. - Imposed.

As authorized by 55 ILCS 5/5-1007 (home rule county service occupation tax law), a tax is imposed Countywide upon all persons in the County engaged in the business of making sales of service at the rate of one and

one-quarter percent (1.25%) through December 31, 2011; one percent (1%) for the period of January 1, 2012 through December 31, 2012;~~and~~ three-quarters percent (0.75%) through December 31, 2015; and one and three-quarters percent (1.75%) thereafter of the selling price of all tangible personal property transferred by such serviceperson either in the form of tangible personal property or in the form of real estate as an incident to a sale of service. The tax shall be paid in the manner provided in such statute.

Sec. 74-192. - Notification of the Illinois Department of Revenue.

The Clerk of the Board is hereby authorized and directed to obtain and transmit a certified copy of this Ordinance to the Illinois Department of Revenue not later than five days after its effective date, and in no case later than October 1, ~~2014~~2015 so as to enable the Illinois Department of Revenue to proceed to administer and enforce the modifications provided in this Ordinance, on behalf of the County of Cook, ~~as of January 1, 2012 and on January 1, 2013~~ January 1, 2016.

Secs. 74-193-74-229. - Reserved.

Effective date: This ordinance shall be in effect immediately upon adoption except that the rate increase in Section 74-191 shall not take effect until January 1, 2016.

A motion was made by Vice Chairman Sims, seconded by Commissioner García, that this Ordinance Amendment be recommended for approval as amended in the errata. Commissioner Boykin called for a Roll Call, the motion carried by the following vote:

Ayes: Chairman Daley, Vice Chairman Sims, Commissioners Arroyo, Butler, García, Moore, Murphy, Steele and Tobolski (9)

Nays: Commissioners Boykin, Fritchey, Gainer, Goslin, Schneider, Silvestri and Suffredin (7)

Present: Commissioner Gorman (1)

A motion was made by Commissioner García, seconded by Commissioner Murphy, that this Ordinance Amendment be reconsidered. A Roll Call was taken, the motion failed by the following vote:

Aye: Commissioners Boykin, Fritchey, Gainer, Goslin, Schneider, Silvestri and Suffredin (7)

Nay: Chairman Daley, Vice Chairman Sims, Commissioners Arroyo, Butler, García, Moore, Murphy, Steele and Tobolski (9)

Present: Commissioner Gorman (1)

15-4294

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

PROPOSED ORDINANCE AMENDMENT

COOK COUNTY RETAILERS' OCCUPATION TAX

NOW, THEREFORE BE IT ORDAINED, by the President and the Cook County Board of Commissioners that Chapter 74, TAXATION, Article IV. - RETAILERS' OCCUPATION TAX, Sections 74-150 through 74-152 be amended as follows:

ARTICLE IV. - RETAILERS' OCCUPATION TAX

Sec. 74-150. - Short title.

This article shall be known and may be cited as the Cook County Home Rule County Retail Occupation Tax Ordinance.

Sec. 74-151. - Imposed.

As authorized by 55 ILCS 5/5-1006 (home rule county retailers' occupation tax law), a tax is imposed Countywide upon all persons in the County engaged in the business of selling tangible personal property at retail, at the rate of one and one-quarter percent (1.25%) through December 31, 2011; one percent (1%) for the period of January 1, 2012 through December 31, 2012; ~~and three-quarters percent (0.75%) through December 31, 2015; and one and three-quarters percent (1.75%)~~ thereafter of the gross receipts from such sales made in the course of such business. The tax shall be paid in the manner provided in such statute.

Sec. 74-152. - Notification of the Illinois Department of Revenue.

The Clerk of the Board is hereby authorized and directed to obtain and transmit a certified copy of this Ordinance to the Illinois Department of Revenue not later than five days after its effective date, and in no case later than October 1, ~~2014~~2015 so as to enable the Illinois Department of Revenue to proceed to administer and enforce the modifications provided in this Ordinance, on behalf of the County of Cook, as of ~~January 1, 2012 and on January 1, 2013~~January 1, 2016.

Secs. 74-153-74-189. - Reserved.

Effective date: This ordinance shall be in effect immediately upon adoption, except that the rate increase in Section 74-151 shall not take effect until January 1, 2016.

A motion was made by Vice Chairman Sims, seconded by Commissioner García, that this Ordinance Amendment be recommended for approval. Commissioner Boykin called for a Roll Call, the motion carried by the following vote:

Ayes: Chairman Daley, Vice Chairman Sims, Commissioners Arroyo, Butler, García, Moore, Murphy, Steele and Tobolski (9)

Nays: Commissioners Boykin, Fritchey, Gainer, Goslin, Schneider, Silvestri and Suffredin (7)

Present: Commissioner Gorman (1)

A motion was made by Commissioner García, seconded by Commissioner Steele, that this Ordinance Amendment be reconsidered. A Roll Call was taken, the motion failed by the following vote:

Aye: Commissioners Boykin, Fritchey, Gainer, Goslin, Schneider, Silvestri and Suffredin (7)

Nay: Chairman Daley, Vice Chairman Sims, Commissioners Arroyo, Butler, García, Moore, Murphy, Steele and Tobolski (9)

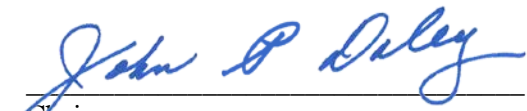
Present: Commissioner Gorman (1)

ADJOURNMENT


A motion was made by Commissioner Steele, seconded by Vice Chairman Sims, to adjourn the meeting. The motion carried by the following vote:

Ayes: Chairman Daley, Vice Chairman Sims, Commissioners Arroyo, Boykin, Butler, Fritchey, Gainer, García, Gorman, Goslin, Moore, Murphy, Schneider, Silvestri, Steele, Suffredin and Tobolski (17)

Respectfully submitted,



Chairman



Secretary