



**Board of Commissioners of Cook County
Finance Committee**

PUBLIC HEARING AND COMMITTEE MEETING NOTICE AND AGENDA

Wednesday, July 15, 2015

10:00 AM

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

NOTICE AND AGENDA

There will be a meeting of the Committee or Subcommittee of the Board of Commissioners of Cook County at the date, time and location listed above to consider the following:

PUBLIC TESTIMONY

Authorization as a public speaker shall only be granted to those individuals who have submitted in writing, their name, address, subject matter, and organization (if any) to the Secretary 24 hours in advance of the meeting. Duly authorized public speakers shall be called upon to deliver testimony at a time specified in the meeting agenda. Authorized public speakers who are not present during the specified time for public testimony will forfeit their allotted time to speak at the meeting. Public testimony must be germane to a specific item(s) on the meeting agenda, and the testimony must not exceed three minutes; the Secretary will keep track of the time and advise when the time for public testimony has expired. Persons authorized to provide public testimony shall not use vulgar, abusive, or otherwise inappropriate language when addressing the Board; failure to act appropriately; failure to speak to an item that is germane to the meeting, or failure to adhere to the time requirements may result in expulsion from the meeting and/or disqualify the person from providing future testimony.

15-4291

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

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

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

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.

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, ~~2011~~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.



Matthew B. DeLeon, Secretary

Chairman: Daley
Vice-Chairman: Sims
Members: Committee of the Whole