January 16, 2015

Toni Preckwinkle
President, Cook County Board
Cook County Board of Commissioners
118 North Clark Street
Room 537
Chicago, IL 60602

Dear President Preckwinkle and Cook County Commissioners:

I am writing on behalf of the 400 franchised, new car dealers I represent who do business in metropolitan Chicago and make up the Chicago Automobile Trade Association. We wish to express support for the proposed ordinance amendment that is designed to coincide with a recent change in state law regarding the tax on automobile leases.

The new law changes the way the selling price of automobile leases is determined. Instead of the total price of the car, the new tax on the lease only includes amounts paid at lease inception plus the sum of the payments. The Illinois Department of Revenue supported this change because the trade-in credit for leases was eliminated, so that the state would not lose revenue as a result.

Since lease penetration is so low in Illinois, giving up the lease trade-in credit was acceptable for dealers because of the potential that the change would substantially increase the auto leasing penetration in the state. New lessees now can save up to 50 percent in taxes on a lease and the state can come out revenue positive, due to the elimination of the tax credit and the increase in transactions. Cook County can expect the same results.

If Cook County does not change the manner in which lease selling price is determined, dealers would have to calculate two separate selling prices – one for the county tax and another for the state tax – causing confusion for consumers.

For these reasons, we ask that Cook County Commissioners adopt the proposed ordinance amendment.

Sincerely,

David E. Sloan
President