



# Board of Commissioners of Cook County

118 North Clark Street  
Chicago, IL

## Legislation Details

<b>File #:</b>	15-4291	<b>Version:</b>	1	<b>Name:</b>	RESOLUTION REGARDING PROPOSED AMENDMENTS TO THE COOK COUNTY'S HOME RULE RETAILER'S OCCUPATION AND SERVICE OCCUPATION TAXES
<b>Type:</b>	Resolution	<b>Status:</b>			Approved
<b>File created:</b>	6/30/2015	<b>In control:</b>			Finance Committee
<b>On agenda:</b>	7/1/2015	<b>Final action:</b>			7/15/2015
<b>Title:</b>	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

**Sponsors:** TONI PRECKWINKLE (President)

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
7/15/2015	1	Board of Commissioners	approve	Pass
7/15/2015	1	Board of Commissioners	reconsider	Fail
7/15/2015	1	Finance Committee	reconsider	Fail
7/15/2015	1	Finance Committee	recommend for approval	Pass
7/15/2015	1	Finance Committee	amend	Fail
7/1/2015	1	Board of Commissioners	refer	Pass