



Board of Commissioners of Cook County

118 North Clark Street
Chicago, IL

Legislation Text

File #: 17-4339, **Version:** 1

PROPOSED ORDINANCE

ORDINANCE 16-3191

WHEREAS, the Cook County Board of Commissioners has enacted and amended an Ordinance entitled Cook County Real Property Assessment Classification (the “Classification Ordinance”) for the purpose of encouraging and assisting redevelopment and new development in areas of Cook County that are in a state of economic depression; and

WHEREAS, municipalities are eligible for Class 8 incentives without any application for certification of the area when located within the boundaries of the five townships of Bremen, Bloom Rich, Calumet, and Thornton targeted by the South Suburban Tax Reactivation Pilot Program; and

WHEREAS, pursuant to the Classification Ordinance, real estate used primarily for industrial or commercial purposes that is newly constructed, substantially rehabilitated or found “abandoned” and located in one of the townships targeted under the South Suburban Tax Reactivation Program may qualify for a Class 8 Property Tax Incentive; and

WHEREAS, the municipalities that are located within the boundaries of the five eligible townships of Bremen, Bloom, Rich, Calumet, and Thornton (“the municipalities”) are united in their support of the County’s efforts to effectively promote economic and community development within the municipalities and to increasing employment opportunities for its citizens; and

WHEREAS, the Classification Ordinance was amended (“the amendment to the Classification Ordinance 16-3191”) on June 8, 2016 to state that, “An affidavit of the applicant attesting that all construction, demolition, maintenance or repair services at the subject property shall only be performed by a contractor or subcontractor who participates in an active apprenticeship and training program approved and registered with the United States Department of Labor’s (DOL) Office of Apprenticeship, shall also be submitted with the application”; and

WHEREAS, the amendment to the Classification Ordinance goes on to state that “The Assessor shall provide by rule for the filing of such affidavit and the filing of any subsequent supporting documents which establishes credible evidence that any construction, maintenance or repair service performed at the subject property will be done by a contractor or subcontractor who participates in an active apprenticeship and training program approved and registered with the United States Department of Labor’s Office of Apprenticeship”; and

WHEREAS, the amendment to the Classification Ordinance also states that , “The failure to file such affidavit and supporting documents within the time established by the Assessor’s rules shall result in the loss of the incentive for the period relating to the non-filing”; and

WHEREAS, the municipalities are united in their conviction that such an amendment, although well intentioned, will have severe and devastating consequences to the communities it is designed to help, and will greatly hinder their ability to attract new business in their communities; and

WHEREAS, the municipalities are all facing competitive pressures from neighboring states and counties that reflect significantly lower property taxes and a lower cost of doing business overall; and

WHEREAS, the municipalities are united in their concern that because they are located in areas that are near or border

neighboring states or counties that have significantly lower property taxes and a much lower cost of doing business overall, the amendment to the Classification Ordinance represents a deterrent to site selection based on added complexity realized by the applicant, i.e. developer, site selector or investor; and

WHEREAS, the amendment which requires that construction, maintenance or repair service performed at the subject property be done by a contractor or subcontractor who participates in an active apprenticeship and training program approved and registered with the United States Department of Labor's Office of Apprenticeship may have an inhibiting effect and deter future expenditures, expansions, and investment/reinvestment decisions; and

WHEREAS, the municipalities are united in their conviction that the amendment to the Classification Ordinance will represent a burden on small contractors, as many of the projects applying for the incentive attract the services of smaller local contractors that, due to their having seasoned and experienced employees, or having small numbers of employees, or who may be challenged with elevating their business opportunities due to lack of resources, may not gain value from an apprenticeship program and be deemed ineligible to participate in any Class 8 construction project; and

WHEREAS, the municipalities are united in their conclusion that the amendment to the classification ordinance will increase the cost of doing business, which is of detriment when located near neighboring counties and states that reflect a much lower cost of doing business; and

WHEREAS, the municipalities are united in their conviction that a job readiness program for residents within the five township subregion is beneficial and worthy, but should not be tied to a Class 8 incentive program and should not be limited to DOL apprenticeship programs; and

WHEREAS, some of the municipalities have already lost major projects due to the amendment to the classification ordinance; and

WHEREAS, the municipalities are united in their conclusion that the retroactive requirement of the amendment to the Classification Ordinance places a severe and devastating burden on businesses and contractors alike; and

WHEREAS, the County of Cook has made a significant investment in the South Suburbs over the past six years, an investment that continues with the comprehensive South Suburban Initiative; and

WHEREAS, the recent amendment to the Classification Ordinance has resulted, and will continue to result in unintended yet devastating consequences to municipalities within the boundaries of the five South Suburban townships of Bremen, Bloom Rich, Calumet, and Thornton.

WHEREAS, that effective immediately the amendment to the Classification Ordinance is repealed.

WHEREAS, that effective immediately, any applicant that has received a Class 8 incentive during the period that the amendment to the Classification Ordinance was effective shall be exempt from the retroactive requirement of the amendment to the Classification Ordinance.

NOW, THEREFORE, BE IT ORDAINED, by the Cook County Board of Commissioners that Chapter 74 Taxation, to amend section 74-63 as follows, by repealing subsections 74-63(12)d, 74-63(12)f4, and 74-63(12)m and section 74-70 as follows, by repealing subsections 74-70(a)(1)e and 74-70(b)(1)e:

Sec. 74-63. - Assessment classes.

Real estate is divided into the following assessment classes:

(12) *Class 8.* Real estate used primarily for industrial and commercial purposes, consisting of all newly constructed buildings or other structures, including the land upon which they are situated; or abandoned property, as defined in this division, including the land upon which such property is situated; or all buildings and other structures which are substantially rehabilitated to the extent such rehabilitation has added to their value, including qualified land related to the rehabilitation.

a. Land qualifies when the rehabilitation adds vertical or horizontal square footage to the improvements. The amount of land eligible for the incentive shall be in such proportion as the square footage added by the rehabilitation bears to the total square footage of the improvements on the parcel. Such real estate must be either obtained through the Cook County Tax Reactivation Project or must be located in one of the following designated geographical areas:

1. An area which has been certified as in need of substantial revitalization in accordance with the provisions of Section 74-65(b);

2. An enterprise community as proposed and approved by the County Board on June 22, 1994, or the Chicago City Council on May 18, 1994, and the municipality in which such real estate is located, or, if in an unincorporated area, the County must by lawful Resolution determine that such real estate is consistent with an overall plan for the rehabilitation of the area; or

3. Any one of the following five townships: Bloom, Bremen, Calumet, Rich and Thornton.

b. In the instance where real estate does not meet the definition of abandoned property as defined herein, the municipality or the County Board, as the case may be, may still determine that special circumstances justify that the property is deemed "abandoned" for purpose of Class 8, unless:

1. There has been a purchase for value and the buildings and other structures have not been vacant and unused prior to such purchase; or

2. There has been no purchase for value and the buildings and other structures have been vacant and unused for less than 24 continuous months.

The finding of abandonment, along with the specification of the special circumstances, shall be included in the Resolution or Ordinance supporting and consenting to the Class 8 application.

In addition, the Ordinance or Resolution where applicable shall:

1. Describe the redevelopment objective of the municipality;

2. State the applicant's intended use of the property; and

3. State that an Economic Disclosure Statement, as defined in this Division, was received and filed by the municipality or County Board, as the case may be.

If the Ordinance or Resolution is that of a municipality, the approval of the County Board is required to validate such, a finding that the property is deemed "abandoned" for purposes of Class 8, and a Resolution to that effect shall be obtained. The applicant must obtain the municipal enabling Ordinance with the required finding of special circumstances and present such municipal Ordinance to the Board of Commissioners of Cook County prior to its determination as to whether it will validate such a finding that the property is deemed "abandoned" for purposes of Class 8 and provide a County Resolution to that effect. A certified copy of an Ordinance or Resolution finding that special circumstances exist, as well as a certified copy of a County Ordinance or Resolution validating such a finding that the property is deemed

"abandoned" for purposes of Class 8 need not be filed at the time of filing the Class 8 application with the Assessor, but must be filed with the Assessor no later than the date an assessment appeal is filed to request the class change to Class 8. If the Resolution is not filed at the time of the Class 8 application, the applicant shall instead file, at that time, a letter from the municipality or the County as the case may be, confirming that a Resolution or Ordinance regarding special circumstances has been requested.

If the real estate is located within an Industrial Growth Zone, prior to filing a Class 8 eligibility application with the Assessor and in lieu of an Ordinance or Resolution, an applicant may obtain from an authorized officer of the municipality or an authorized officer of the Cook County Bureau of Economic Development if the real estate is located in an unincorporated area, a letter stating that the municipality or the County Board, as the case may be, supports and consents to the filing of the Class 8 application with the Assessor. Such authorized officer shall have been designated by the legislative body of the municipality or, in the case of an unincorporated area, by the Cook County Board.

A copy of the authorized officer letter and a certified copy of the legislative action designating the authorized officer shall be included with the Class 8 application and submitted to the Cook County Bureau of Economic Development for verification prior to filing of the application with the Assessor. The applicant must demonstrate that the industrial development project qualifies for the Class 8 classification.

In addition, the letter from the authorized officer shall:

1. Describe the redevelopment objective of the municipality;
2. State the applicant's intended use of the property; and
3. State that an Economic Disclosure Statement, as defined in this Division, was received and filed by the municipality or County Board, as the case may be.

Following verification that the Class 8 application is in an Industrial Growth Zone and has been properly submitted with a letter from an authorized officer and a certified copy of the legislative action designating the authorized officer, the Bureau of Economic Development will forward the application to the Assessor's Office for filing.

Temporary Emergency Economic Recovery Modification (TEERM) Program: In the instance where real estate does not meet the definition of abandoned property as defined herein, the municipality or the County Board, as the case may be, may still determine that special circumstances justify that the property is deemed "abandoned" for purpose of Class 8 under the TEERM Program, if:

1. There has been no purchase for value and the buildings; and
2. The buildings and other structures have been vacant and unused for at least 12 continuous months.

The finding of abandonment, along with the specification of the special circumstances, shall be included in the Resolution or Ordinance supporting and consenting to the Class 8 application under the TEERM Program.

In addition, the Ordinance or Resolution shall:

1. Describe the redevelopment objective of the municipality;
2. State the applicant's intended use of the property; and

3. State that an Economic Disclosure Statement, as defined in this Division, was received and filed by the municipality or County Board, as the case may be.

If the Ordinance or Resolution is that of a municipality, the approval of the County Board is required to validate such, a finding that the property is deemed "abandoned" for purposes of Class 8, and a Resolution to that effect shall be obtained. The applicant must obtain the municipal enabling Ordinance with the required finding of special circumstances and present such municipal Ordinance to the Board of Commissioners of Cook County prior to its determination as to whether it will validate such a finding that the property is deemed "abandoned" for purposes of Class 8 and provide a County Resolution to that effect. A certified copy of an Ordinance or Resolution finding that special circumstances exist, as well as a certified copy of a County Ordinance or Resolution validating such a finding that the property is deemed "abandoned" for purposes of Class 8 need not be filed at the time of filing the Class 8 application with the Assessor, but must be filed with the Assessor no later than the date an assessment appeal is filed to request the class change to Class 8. If the Resolution is not filed at the time of the Class 8 application, the applicant shall instead file, at that time, a letter from the municipality or the County as the case may be, confirming that a Resolution or Ordinance regarding special circumstances has been requested.

Applications for the TEERM Program must be received by the Assessor's Office on or before November 30, 2018, to receive consideration.

- c. A copy of the Resolution or letter confirming that a Resolution has been requested, whichever is filed with the application, will be forwarded by the Assessor's Office to the Secretary of the County Board for distribution to the members of the County Board from the affected districts.
- d. ~~An affidavit of the applicant attesting that all construction, demolition, maintenance or repair services at the subject property shall only be performed by a contractor or subcontractor who participates in an active apprenticeship and training program approved and registered with the United States Department of Labor's Office of Apprenticeship, shall also be submitted with the application. The Assessor shall provide by rule for the filing of such affidavit and the filing of any subsequent supporting documents which establishes credible evidence that any construction, maintenance or repair service performed at the subject property will be done by a contractor or subcontractor who participates in an active apprenticeship and training program approved and registered with the United States Department of Labor's Office of Apprenticeship. The failure to file such affidavit and supporting documents within the time established by the Assessor's rules shall result in the loss of the incentive for the period relating to the non-filing.~~
- ed. This classification shall continue for a period of 12 years from the date of new construction (excluding demolition, if any) or substantial rehabilitation was completed and initially assessed, or in the case of abandoned property, from the date of substantial re-occupancy, or in the case of incentives granted pursuant to the TEERM Program, from the date of the notice of approval.
- fe. Unless it was granted pursuant to the TEERM Program, this incentive may be renewed during the last year a property is entitled to a ten-percent assessment level pursuant to Section 74-64(11), if the following requirements are met:
 1. The taxpayer notifies the Assessor's Office of the taxpayer's intent to request renewal of the incentive from the municipality, or the County Board if the real estate is located in an unincorporated area;
 2. The municipality in which the real estate is located or the County Board, if the real estate is located in an unincorporated area, adopts a Resolution expressly stating that the municipality or County Board, as the case may be, has determined that the industrial or commercial use of the

property is necessary and beneficial to the local economy, and supports and consents to renewal of the Class 8; and

3. A copy of that Resolution and a completed renewal application are filed with the Assessor's Office before the expiration of the ten-percent assessment level period.
 4. Applicant shall submit an affidavit to the Assessor's Office attesting that, at all times after the applicant receives and maintains a Class 8 designation, if any construction, demolition, maintenance or repair service is performed at the subject property, then any contractors and any subcontractors who perform such service must participate in an active apprenticeship and training program approved and registered with the United States Department of Labor's Office of Apprenticeship, if the contractor or subcontractor employs people in a covered occupation.
- gf. Class 8 incentives that are granted pursuant to the TEERM Program are not renewable. For all other Class 8 incentives, the number of renewal periods is not limited as long as the property continues to apply and meet the requirements for Class 8.
- hg. A copy of the request for renewal of the incentive will be forwarded by the Assessor's Office to the Secretary of the County Board for distribution to the members of the County Board from the affected districts.
- ih. If no renewal is obtained, the incentive shall be phased out over the next two years, pursuant to Section 74-64(11). After expiration of the last incentive period the real estate shall revert to the applicable classification under this Division.
- ji. The Assessor may adopt rules consistent with this subsection necessary to ensure proper review of all factors relevant to determine eligibility for the benefits provided under Class 8.
- kj. The certification of an area as in need of substantial revitalization shall expire five years from the date such certification is granted. The Assessor shall notify the applicant of the date of expiration of certification one year before the date of the expiration of the certification. Such certification, pursuant to the same criteria, may be extended for one additional five-year period subject to reapplication by the appropriate local governing body within the period from one year to six months prior to the expiration of the initial five-year period.
- lk. The Assessor shall provide by rule for the filing of triennial reassessment reports by all Class 8 recipients as to the use of the property and the number of persons employed at the Class 8 site. A copy of such reports will be forwarded by the Assessor's Office to the Secretary of the County Board for distribution to members of the County Board from the affected districts. Failure to file such reports within the time established by the Assessor's rules shall result in loss of the incentive for the period relating to the non-filing.
- m. Taxpayers who currently receive a Class 8 incentive shall file with the Assessor's Office an affidavit as required under subsection (d) of this Section within 90 days of the enactment that will be applicable for all future construction, demolition, maintenance or repair services performed at the subject property as required under subsection (d) of this Section. Failure to provide the affidavit in a timely manner may result in the loss of the incentive for the period relating to the non-filing.

Sec. 74-70. - Class 8a and 8b designation/assessment class.

(a) *Class 8a.* Real estate that is used primarily for industrial or commercial purposes, which real estate would qualify for a Class 8 designation pursuant to Sections 74-62 through 74-64, except for the fact that the qualifying use of the property prior to application for the incentive does not comply with the definition of abandoned property provided for in Section 74-62(b), can receive a designation as a Class 8a property so long as the applicant can show that it has complied with all of the requirements necessary to receive a Class 8 designation per Sections 74-62 through 74-64, except for meeting the definition of abandonment provided for in Section 74-62(b), but only when the Cook County Board of Commissioners provides a Resolution or Ordinance in support of such designation absent abandonment.

(1) The Cook County Board of Commissioners may only provide such a Resolution or Ordinance in support of Class 8a designation absent abandonment when:

- a. An applicant who collects or transmits sales tax has obtained from the municipality in which the real estate is located or the Cook County Board of Commissioners, if the real estate is located in an unincorporated area, an agreement to abate a portion of the local government's sales tax generated by the industrial or commercial enterprise located on such real estate and such abatement of sales tax must cover the period of time for which the applicant would qualify for this Class 8a incentive; and
- b. Applicant can demonstrate to the satisfaction of the Cook County Board of Commissioners that due to national and regional economic conditions beyond its control the industrial or commercial enterprise has undergone a significant reduction in net operating income of at least 40 percent in the year it makes application for this incentive as compared to the average net operating income of the industrial or commercial enterprise in the prior three years; and
- c. Applicant provides objective and credible evidence including, but not limited to, an economic impact study that demonstrates to the satisfaction of the Cook County Board of Commissioners that the ongoing industrial or commercial enterprise is not economically viable and as such it will cease operations within 60 days of the submission of an eligibility application for Class 8a designation to the Cook County Assessor, and thereafter the property will become vacant and unused for an extended period of time of at least 24 months; and
- d. Applicant provides objective and credible evidence including, but not limited to, an economic impact study that demonstrates to the satisfaction of the Cook County Board of Commissioners that designation as a Class 8a property will allow the industrial or commercial enterprise to be economically viable and thereby continue its operations so that the industrial or commercial enterprise can continue to occupy and fully utilize the real estate for an extended period of time.
- e. Applicant must provide credible evidence that, at all times after the applicant receives and maintains a Class 8 designation, if any construction, demolition, maintenance or repair service is performed at the subject property, then any contractors and any subcontractors who perform such service must participate in an active apprenticeship and training program approved and registered with the United States Department of Labor's Office of Apprenticeship, if the contractor or subcontractor employs people in a covered occupation.

(b) *Class 8b.* Real estate and improvements that house inpatient and outpatient hospital based services, where the property has been acquired for hospital use by a for-profit acquirer unrelated to the not-for-profit disposer, thereby avoiding Illinois Health Facilities and Services Review Board discontinuation approval, shall be considered for a Class 8b designation if it meets the requirements of this Section and the Cook County Board of Commissioners provides a Resolution or Ordinance in support of such designation.

- (1) The Cook County Board of Commissioners may only provide such a Resolution or Ordinance in support of Class 8b designation when:
- a. The applicant is a hospital, as defined in the Hospital Licensing Act, or an entity that owns the real property on which a hospital is located, the hospital is licensed by the state, and the abandonment of the hospital would require the applicant, or the hospital on behalf of which the applicant owns the real property on which the hospital is located, to obtain a permit or exemption from the State of Illinois Health Facilities and Services Review Board pursuant to the Illinois Health Facilities Planning Act prior to discontinuing hospital operations and to obtain a second permit or exemption prior to reopening or otherwise reestablishing the hospital after abandonment;
 - b. The applicant demonstrated to the satisfaction of the Cook County Assessor that approval of the Class 8b designation will materially increase the likelihood that the property will be retained for hospital use with the associated employment benefits relative to industrial or commercial use of the property;
 - c. The subject hospital is located in a zip code which has a ten-percent or greater incidence of families and/or individuals below the poverty level, as identified by the U.S. Census Bureau's most recent census; and
 - d. The subject hospital employs at least 750 full-time equivalents (full-time equivalent jobs being defined as total hours worked by all non-full-time employees divided by average annual hours worked by the full-time employees).
 - e. Applicant must provide credible evidence that, at all times after the applicant receives and maintains a Class 8 designation, if any construction, demolition, maintenance or repair service is performed at the subject property, then any contractors and any subcontractors who perform such service must participate in an active apprenticeship and training program approved and registered with the United States Department of Labor's Office of Apprenticeship, if the contractor or subcontractor employs people in a covered occupation.

Effective date: This ordinance shall be in effect immediately upon adoption