



**PLEASE OPPOSE HA#2 TO SB 1488 (CURRIE) TO
DOUBLE THE RESIDENTIAL HOMEOWNERS EXEMPTION
*Expansion further shifts property tax burden
to business community & renters***

BACKGROUND

- **Statewide application:** Chicago Mayor Emanuel proposes to double the homeowner exemption for Chicago from \$7,000 to \$14,000, and his legislation authorizes all 102 counties to “opt in” within six months to increase the general homestead exemption up to \$14,000. **If SB 1488 is passed, as amended by HA#2, would cause a chaotic patchwork of shifting property tax burdens onto employers and renters.**
- **HA#2 to SB 1488 would shift the property tax burden to commercial properties and tenants – businesses small and large across the city – and renters.** Cook County commercial properties are already assessed at 2½ times that of residential properties, the cost of which is generally passed through to tenants, so **Cook County businesses already pay more than their fair share.**
- Editorial boards of the *Chicago Tribune* (9/22) and *Crain’s* (9/26) have criticized the Mayor’s tax-shift proposal, and **Cook County Board President Toni Preckwinkle has stated that it cannot be implemented by the taxing authorities** (*Crain’s* 10/14; see *reverse side*).

WHY WE OPPOSE HOUSE AMENDMENT #2 TO SB 1488

- Chicago commercial tenants already pay the highest property taxes in the nation on a square foot basis, and **Chicagoland employers face an increasingly challenging economic climate** that includes:

*Minimum wage increase	*Plastic bag ban
*New cloud tax	*911 surcharge increase
*Cook Co. sales tax increase	*Increasing work comp costs
*Proposed paid sick leave mandate	
- Apartment buildings (like businesses) do not qualify for a homeowner’s exemption and residential landlords can pass on the costs of higher taxes and may defer essential maintenance and capital projects due to increased operating costs. **Renters will be hurt.**
- The tax increase and shift will hurt struggling small neighborhood businesses in Chicago neighborhoods and possibly Illinois. **Small business owners and their employees are working families too.** The taxing disparity has pushed numerous businesses out of Cook County -- let’s not do the same thing throughout Illinois with this homeowner’s exemption proposal.
- Imposing disproportionately higher tax bills on renters and employers – small and large businesses – undermines economic development and prosperity. **A primary factor in locating a business is the tax burden; if too high, businesses could locate elsewhere, taking jobs and needed tax revenue with them.**

Emanuel tax plan won't work, Preckwinkle says—and here's why

By Greg Hinz October 14, 2015

Cook County Board President Toni Preckwinkle dropped a political bomb on Mayor Rahm Emanuel's proposed 2016 city budget today, saying it's technically impossible to implement **a special break** Emanuel wants to largely shelter city homeowners from the \$588 million property tax hike he plans.

"We can't do it," said Preckwinkle, referring to an expanded homestead exemption Emanuel wants, a measure that would have to be administered by the county's property-taxing system. "There's no way we can get our computer software to do it."

Preckwinkle's comments, which came during a meeting with Crain's editorial board on her own proposed 2016 budget, followed a meeting this morning between her and other county officials, notably including County Treasurer Maria Pappas, whose office actually sends out the property-tax bills. Preckwinkle said her understanding of what is and is not technically possible came largely from Pappas.

Pappas, in a phone call, complained that Preckwinkle is "using" her as part of a political feud with the mayor, but she did confirm that, indeed, the county's current, antiquated computer system cannot neatly divide properties and their tax rates between those located in and out of the city.

"They can't do it. I'm 95 percent sure they can't do it," said Pappas, noting that the county only recently began to move to replace its quarter-century-old mainframe computer.

Perhaps an outside technical consultant might find a way to crunch the numbers, Pappas said. But such a person hasn't even been hired, she added.

POLITICAL COVER

Emanuel offered the homestead exemption as a bit of political cover, enabling aldermen to tell constituents that anyone with a home worth less than \$250,000 would pay none of **the \$588 million hike**, and those with more valuable property that they would get a partial break.

The plan was already **in trouble with Gov. Bruce Rauner**, perhaps under pressure from owners of business property, strongly suggesting he opposes legislation needed to implement the proposal.

Democratic legislative leaders none the less have promised to push the legislation, but if Preckwinkle and Pappas are right, some lawmakers might conclude they have no reason to make a tough vote.

Emanuel's office had no immediate response to Preckwinkle's statement. He and Preckwinkle have had a frosty relationship, with the county board president nearly running against Emanuel's re-election bid last winter.

Asked if she has any substantive thoughts on the mayor's proposed tax break, which some say will raise rents on minority apartment dwellers, Preckwinkle replied: "I think I'll stick with what the treasurer told me. There's no way we can do it."