

Springfield Revenue Resolution

WHEREAS the City of Chicago faces a significant structural budget deficit to which steps have been taken to address through identification of operational efficiencies and adjustments to local taxes however options available to the City are limited, often regressive, and the current authority granted to Chicago's taxing ability is insufficient to address the level of the structural revenue shortfall without placing an undue burden on working families; and

WHEREAS Chicago has a dynamic, modern economy, but many of the City's options for raising revenue, through taxes, fees, and fines, were crafted in an earlier era and have not been updated in light of recent developments and trends, diminishing the sources of revenue available to support the public services and infrastructure which are foundational to both the city and the region's economy; and

WHEREAS municipalities across Illinois face significant budgetary pressures stemming from the exhaustion of expiring pandemic aid, economic uncertainty, federal cost shifts, and increased operating costs and seek a diversified mix of stable and strategic revenue sources beyond reliance on property taxes to ensure public services remain robust and meet the needs of their residents; and

WHEREAS the Local Government Distributive Fund was established in 1969 providing local government entities a 10% share of state income tax collected, the proportion of tax collections allocated was reduced in 2017 and action is needed by the General Assembly to restore the original 10% allocation to ensure local entities receive their historically fair portion of income tax given they do not have legal authority to levy their own taxes on income and instead rely on LGDF for needed revenue; and

WHEREAS the composite sales tax rate in the City of Chicago is the highest in Illinois at 10.25% even though the City only receives 2.25 percentage points of this total, action taken by the General Assembly to align the City's sales tax with the modern economy to allow for wider base of collection through the inclusion of consumer services would provide an avenue for needed revenue through a more progressive means given the greater propensity of high-income households to spend on consumer services without an increase to the overall tax rate; and

WHEREAS the City of Chicago has taken steps to address traffic congestion caused by ride share and has the current capacity to implement congesting pricing through cordon or area wide charges, a joint effort between Chicago and the State of Illinois to develop and operate variable priced lanes or permanent or rush hour tolls on roadways like DuSable Lake Shore Drive, the Dan Ryan or the

Eisenhower and the Stevenson are opportunities to reduce congestion in high-traffic areas of Chicago and raise revenue for both governmental entities; and

WHEREAS the City of Chicago amusement tax only applies fully to resale ticket brokers that operate from fixed locations within the state, and given the expansion of online ticket intermediaries and the projected growth of the online secondary ticket market due to high demand events and fan willingness to pay a premium for access to sports and concerts, action by the General Assembly to update the state's definition the "broker" to include online ticket intermediaries would allow for the effective application of the existing amusement tax on tickets purchased and service fees assessed by online resale ticket companies in a way that is not currently possible; and

WHEREAS the emergency telephone system (911) surcharge and telecommunications retailer tax is applied to post-paid wireless telecommunication plans in Chicago, outdated state law has inappropriately allowed the tax advantage of pre-paid services such as calling cards to be expanded to monthly phone plans that offer talk/text/data with no contract and action by the General Assembly to close this loophole would restore Chicago's ability to fully collect taxes on wireless services on an equal basis; and

WHEREAS, under the Illinois Constitution and the Illinois Municipal Code, the City's authority to tax occupations is limited, and while existing law appears to authorize various occupation taxes on the delivery of goods or transportation of people, we desire that the General Assembly amend State law make abundantly clear the City's authority to impose a tax on the use of ground delivery services, under either 65 ILCS 5/8-11-6a or 65 ILCS 5/11-42-6, as appropriate; and

WHEREAS the Personal Property Replacement Tax (PPRT) fills a revenue gap for local governments after the Illinois Constitution ended their ability to levy personal property taxes on businesses and the PPRT serves as a vital source of revenue to meet pension obligations and pay for vital public services, since 2017 PPRT has been increasingly diverted away from local governments to cover state expenses with as much as \$400 million in diversions in FY26 and action is needed by the General Assembly to curb these diversions and restore full pass through of PPRT to local governments.

THEREFORE BE IT RESOLVED that the City of Chicago calls upon Illinois state legislators in the General Assembly to champion legislation providing Chicago the authority to implement the above mentioned taxes if it so chooses; and

THEREFORE BE IT RESOLVED that the City of Chicago calls upon Illinois state legislators to take action to modernize taxing provisions to allow for the expansion of

collections of existing taxes and to close loopholes where they may exist to allow Chicago and other municipalities the ability to apply and collect on current taxes to the broadest extent possible; and

THEREFORE BE IT RESOLVED that the City of Chicago calls upon the General Assembly amend state law to address inequities and shortfalls in state transfers and curb diversions that reduce revenue for local governments; and

THEREFORE BE IT FINALLY RESOLVED that City of Chicago Alderpersons pledge to work actively and collaboratively with state law makers on developing and passing legislation on the above revenue agenda during the Spring 2026 session.