

**House Revenue & Finance Committee
Chairman, John Bradley
September 24, 2015**

Michael Reever Testimony

**SUBJECT MATTER- FY 2016 Budget and Homestead Exemption Increase
Proposals**

Thank you Chairman Bradley, Representative Harris, and committee members for calling this subject matter hearing on the possible increase to the Cook County homestead exemption.

I am Michael Reever, Vice President of Government Affairs for the Chicagoland Chamber of Commerce. The Chicagoland Chamber represents the breadth and diversity of this State's economic heartbeat- our members represent over 400,000 employees and over \$24 billion in economic activity.

More than a decade ago, the Chamber led a coalition of businesses and trade organizations opposed to another unfair and ill-conceived assessment change: the Cook County 7 percent assessment cap. This failed tax policy was eventually phased out, but not before it caused an enormous shift in the property tax burden onto commercial and industrial taxpayers and hundreds of thousands of residential homeowners and renters.

I'm here today, because in his 2016 budget address this past Tuesday, Mayor Emanuel proposed a whopping \$600 million property tax increase, spread over 4 years, and a doubling of the homeowners' exemption from \$7,000 to \$14,000 for homes valued at \$250,000 or less, to pay for police and fire pensions. His proposal has touched off an interesting debate around the Cook County property tax classification system.

Cook County's archaic and unfair classification system already requires commercial and industrial property to pay 2.5 times more than residential

properties. The Mayor proposal would shift an even greater share of the property tax burden to businesses—something the Chicagoland Chamber does not support. Businesses already pay more than their fair share in property taxes, and this increase would further exacerbate that burden.

For those of you who may not follow local Chicago news I would like to put this property tax increase into perspective. The business community is being hit on all sides by all levels of government. In the City of Chicago alone, businesses have seen an increase in the minimum wage, implementation of a plastic bag ban, a ‘cloud tax’, an increase in the 911 surcharge, and a consideration of a paid sick leave mandate. For our members in Cook County the sales tax increase makes them less competitive in the region. And I don’t need to tell any of you that the looming state revenue shortfall weighs heavily on business who thrive in predictable, stable environments.

The Chamber has worked with many of you to pass pension reform legislation and now the city has proposed a way to pay for those reforms—or perhaps lack thereof depending on some legislative outcomes and court actions. But our support for pension reform doesn’t mean that we will accept a proposal that makes those businesses that will already bear a disproportionate share of the solution pay even more.

The business community wants certainty so they may plan for the future, and the City’s budget is a long-term step toward righting the City’s fiscal ship which has been off-course for a generation. In fact, we respect Mayor Emanuel for taking the bold, fearless step toward fixing the city’s structural imbalance in 4 years. But, we are not willing to see more of the financial burden placed on the employers who will have to make a very real choice between hiring another person or letting someone go; or choosing between operating a business in Illinois or elsewhere.

The business community stands ready to be partners in developing sound policy, such as reforming the County’s classification system to be more equitable to homeowners and businesses, so Chicago and Illinois can thrive as an economic engine.



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Thank you for your consideration.