

BUDGET TESTIMONY TO CHICAGO CITY COUNCIL

WEDNESDAY, OCTOBER 14, 2015

THERESA E. MINTLE, PRESIDENT AND CEO

Mayor Emanuel, Chairman Austin, members of the City Council-

I am Theresa E. Mintle, President and CEO of the Chicagoland Chamber of Commerce. The Chicagoland Chamber of Commerce represents over 1,000 businesses, their 400,000+ employees, and over \$24 billion in economic activity. Our members are the economic engine of the region and the state. Our members include corporate giants, some headquartered right here in Chicago, and neighborhood entrepreneurs located in your wards.

I testify before you today, as our City confronts our fiscal day of reckoning, to be a partner in addressing the tough choices to right the fiscal ship of our City. The Mayor has presented a budget that is bold and he should be commended for his leadership.

But let's be honest, no one likes paying more taxes, especially our already over-taxed and regulated business community. But, we are willing to do our part to ensure Chicago remains a vibrant, world-class city to live, work, and visit. What is unacceptable is the proposal to shift even more of the property tax burden onto employers who are already paying more than their fair share of the property tax burden.

The Chamber stands opposed to any proposal- whether in Springfield or at the City Council- to double the residential homeowners' exemption from \$7,000 to \$14,000.

As you are aware, because of Cook County's archaic classification system, the assessment level for commercial and industrial properties is set at 25 percent (residential properties at 10 percent). This system has kept property taxes artificially low for Chicago residences for decades compared to similar properties elsewhere in the region and has shifted a disproportionate share of funding government on to businesses. Even after this property tax increase, residential homeowners will continue to enjoy one of the lowest property tax rates in Cook County because of the burden placed on businesses. Further shifting the property tax burden to businesses through an increased homeowner's exemption is simply unacceptable and unsustainable.

The Chamber has heard from many of you on the need for and importance of local economic development and we have committed to working with you to foster entrepreneurs and create new jobs. But let's be honest about how difficult it is to do business in Chicago. In the past 14 months the business community has faced:

- A City-only minimum wage increase indexed to inflation and reaching over \$13 by 2019;
- A City-only plastic bag ban;
- A cloud tax;
- A further expansion of the amusement tax;
- A 911 surcharge; and,
- Consideration of a City-only "paid sick leave" mandate.

In addition, Cook County recently increased the sales tax by one percent; Chicago now has the highest sales tax in the country. At the federal level, the U.S. Department of Labor has proposed a change to overtime regulations that will considerably increase labor costs.

You are considering a proposal to increase the homeowners exemption on property taxes. Further shifting a greater share of the property tax burden on employers will limit the ability of many employers to hire more people, provide higher wages and benefits, and grow their business as they continue to slowly recover from the Great Recession.

Businesses want certainty, and to be able to plan for the future. While we know the City is considering a property tax increase to pay for the police and fire pension legacy obligations, we have yet to see a plan for Chicago Public Schools, while the impasse over the State budget continues. We hope the City will not push more of the financial burden onto businesses when looking to solve the CPS pension and budget problems. But we cannot be certain and this stifles the economic development you are so right to want in your communities.

The Chicagoland Chamber and the business community stands ready to be a partner in securing our City's future, but we will not and cannot accept a further shift of that responsibility on to the employers who create jobs and anchor our neighborhoods. The Chamber is opposed to the doubling of the homeowners' exemption.