



Office of the City Clerk

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Legislation Text

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RISOLUIION

WHEREAS, Pursuant to its home rule authority, the City of Chicago enacted the Chicago Real Property Transfer Tax Ordinance, which imposes a tax upon the privilege of transferring title to, or beneficial interest in, real property located within the City; and

WHEREAS, Section 3-33-060(M) of the ordinance provides an exemption from payment of the tax for transfers in which the deed or other instrument of transfer is issued to the mortgagee or secured creditor pursuant to a mortgage or security interest foreclosure proceeding or sale or pursuant to a transfer in lieu of foreclosure (transfers as a result of foreclosures); and

WHEREAS, If the real estate transfers that involved transfers as a result of foreclosures were subject to the transfer tax, the transactions would raise much-needed revenue for the City and enable the City to provide more essential services, such as police and fire protection; and

WHEREAS, Those entities which are best able to pay the real property transfer tax should share in the responsibility to provide the resources for the protection of the health and welfare of the people; and

WHEREAS, In light of the above, the City Council is desirous of eliminating the exemption found in section 3-33-060(M) for transfers as a result of foreclosures; and

WHEREAS, Pursuant to the requirements of the Illinois Municipal Code (65 ILCS 5/8-3-19), which preempts home rule powers, in order to repeal the exemption for transfers as a result of foreclosures, the City must follow certain procedures, including the introduction of a resolution calling for a referendum to make such a change, then give notice and hold a public hearing prior to adoption of the resolution, adopt the resolution, and then certify the resolution and proposition to the proper election officials in accordance with the general election law for decision by the voters; and

WHEREAS, In an effort to make the law more equitable and to raise additional funds for the City and the Chicago Transit Authority, the voters are being asked if they approve of a proposal which would impose the same requirements on banks and other mortgage-related entities, as is currently imposed on homeowners, to pay real property transfer taxes on properties they acquire through foreclosure related transactions. To achieve this change, the City Council does hereby authorize and initiate the following public question to be submitted to the voters in accordance with the applicable provisions of the Illinois Election Code:

Shall the City of Chicago impose a real estate transfer tax by repealing the exemption for the transfer of real estate transfers in which the deed or other instrument of transfer is issued to the mortgagee or secured creditor pursuant to a mortgage or security interest foreclosure proceeding or sale or pursuant to a transfer in lieu of foreclosure at a rate of \$3.75 per \$500.00 of the transfer price, or fraction thereof, plus a supplemental tax at the rate of \$1.50 per \$500.00 of the transfer price, or fraction thereof, with the revenue of the proposed transfer tax to be used for the general operations of the City of Chicago, and with the revenue of the proposed supplemental tax to be used to provide financial assistance to the Chicago Transit Authority?

No; and

WHEREAS, If the resolution is adopted, the City Clerk of Chicago shall certify the public question referenced herein to the Chicago Board of Election Commissioners in accordance with the applicable provisions of the Illinois Election Code; now, therefore,

BE IT RESOLVED, That we, the Mayor and the Members of the City Council of Chicago assembled this twenty-fourth day of September, 2015, do hereby call for a referendum to present the proposition to the voters on whether to eliminate the exemption from the real property transfer tax for transfers as a result of foreclosures, and request that the City Council on Finance hold public hearings in accordance with the requirements of the Illinois Municipal Code, 65 ILCS 5/8-3-19; and

Alderman Robe 26th Ward

BE IT FURTHER RESOLVED, That a copy of this resolution be sent to the Committee on Finance.