



# Office of the City Clerk

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## Legislation Details (With Text)

**File #:** O2015-7778

**Type:** Ordinance                      **Status:** Failed to Pass

**File created:** 10/21/2015                      **In control:** City Council

**Final action:**

**Title:** Amendment of Municipal Code Chapter 2-32 by adding new Section 2-32-627 establishing Property Tax Relief Program

**Sponsors:** Smith, Michele, Moreno, Proco Joe, Hopkins, Brian, Moore, Joseph, Osterman, Harry, Cappleman, James, Sadlowski Garza, Susan, Pawar, Ameya, O'Connor, Patrick, Dowell, Pat, Arena, John, Burns, William D.

**Indexes:** Title 2 - City Government & Administration

**Attachments:** 1. O2015-7778.pdf

Date	Ver.	Action By	Action	Result
5/29/2019	1	City Council	Failed to Pass	
10/21/2015	1	City Council	Referred	

### ORDINANCE O

#### PROPERTY TAX INCREASE AND TAX RELIEF PROGRAM 2015

WHEREAS, the City of Chicago is facing a massive budget shortfall in four pension plans and a pension deficit of up to \$550 million that must be paid December 2015; and

WHEREAS, in 2014, the City collected \$824 million in property taxes and roughly \$478 million went to payments for the four city pension funds: Police, Fire, Municipal, and Laborers; and

WHEREAS, on May 12, 2015, Moody's Investors Service announced it lowered the City of Chicago's credit rating to non-investment, or junk bond, status as a result of unfunded pension obligations; and

WHEREAS, there is a dire need for additional revenue to fulfill pension debt obligations; and

WHEREAS, by not funding pension liabilities, the debt will continue to grow and affect Chicago's fiscal operations and impact expenditures for critical areas such as education, public welfare, and infrastructure; and

WHEREAS, to fulfill obligations Chicago must raise additional revenue to address the city's financial liabilities; and

WHEREAS, increasing the property tax rate in the City may provide the financial soundness to pay for the city's fiscal obligations; and

WHEREAS, working families are already financially burdened and a significant property tax

increase could harm them substantially; and

WHEREAS, to ease this burden the City will provide temporary property tax relief assistance to the hardest hit households; and

**WHEREAS, in order to assist low and middle income families negatively affected by a property tax increase, the City of Chicago will institute a Property Tax Relief Program; NOW, THEREFORE,**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:**

SECTION 1. The above recitals are expressly incorporated herein and made part hereof as though fully set forth herein.

SECTION 2. Chapter 2-32 of the Municipal Code of Chicago is amended by adding a new Section 2-32-627 as follows:

**2-32-627 Property tax relief program.**

(a) As used in this Section:

"Applicable year" means the calendar year for which a Homeowner has received a final real estate tax bill that exceeds the final real estate tax bill for the immediately preceding year;

"Assessed value" means the equalized assessed value set for Real estate tax purposes, as determined by the Office of the Cook County Assessor or the Cook County Board of Review;

"Base City's real estate tax assessment rate" is the fraction of the levy for the immediately preceding taxable year divided by the current taxable year's equalized assessed value, which when multiplied by the Equalized Assessed value of a property would determine the amount of money a Homeowner would pay for their portion of City of Chicago real estate taxes absent a change in the tax levy.

"Chief Financial Officer" means the Chief Financial Officer of the City of Chicago or his or her designee.

"City's real estate tax assessment rate" is that fraction which is multiplied by the Assessed value of the property to determine the amount of money the Homeowner must pay for his City of Chicago portion of his Real estate taxes.

"Eligible Homeowner" means a Homeowner who has adjusted gross income in the applicable year under \$100,000.

"Homeowner" means an individual who, at the time of the application and since January 1 of the

calendar year immediately preceding the applicable year: (i) is the owner of record of or has a legal or equitable interest, except for a leasehold interest that is not a residential cooperative, in property in this city that is used by the individual as the individual's principal place of residence; and (ii) is liable for paying the Real estate taxes on the property. For purposes of the definition of "homeowner," an equitable interest shall include a beneficial interest in property that is held in an Illinois land trust;

"Household" means the Homeowner, the spouse of the Homeowner if the spouse filed a joint federal income tax return with the Homeowner for the applicable year, and all persons using the residence of the Homeowner as their principal place of residence;

"Household income" means the combined income of the members of a Household

for the applicable year;

"Real estate taxes" means the taxes on real property for which a Homeowner is liable under the Property Tax Code, 35 ILCS 200/1-1 et seq.; and

"Real estate tax increase" means the amount by which the total Real estate taxes payable in the applicable year exceeds the total Real estate taxes payable in the immediately preceding taxable year.

b) The Chief Financial Officer is authorized to establish and administer a property tax relief program under this section for the purpose of providing assistance to certain Homeowners whose Real estate tax liability has significantly risen, particularly relative to their Household incomes as provided in this section. Under this program, a Homeowner who meets the eligibility requirements for a grant under this section may receive a grant in the amount specified in this section. A Homeowner shall be eligible for a grant under this section for that portion of an increase in taxes attributable to an increase in the tax rate assessed for the City of Chicago, and not for that portion attributable to either an increase in assessed value or an increase in tax rate of another taxing body.

c) The relief the Homeowner is entitled to would be calculated as follows:

1. Start with 100,000 and subtract Household income
2. Take this result and divide by 100,000 to get the rebate rate
3. Multiply the rebate rate times the difference between the City's Real estate tax assessment rate for the applicable year and the City's Base real estate tax assessment rate.
4. Multiply this number by the Assessed value.

(c)(1) Additional relief will be provided to a Homeowner who is 60 years of age or older, who has resided in their household for 18 years or longer, and whose assessed value has increased by 30% or more from the prior tax year. Homeowners who are eligible for the Senior Citizens Assessment Freeze homestead exemption or the Homestead Improvement Exemption are not eligible for this relief. This additional relief would be calculated as follows:

1. Subtract the percentage increase of total equalized assessed value for the City of Chicago from the percentage increase in the homeowner's equalized assessed value to get the Long Term Homeowner supplemental relief rate
2. Multiply this supplemental relief rate by the difference between the City's Real estate tax assessment rate for the applicable year and the City's Base real estate tax assessment rate
3. Multiply this number by the Equalized Assessed Value.
4. Add this amount to the relief provided under Section (c) to determine the total amount of relief.

d) A Homeowner must file an application to participate in the relief program with the Department of Finance. The application must be on a form prescribed by the Chief

Financial Officer and include evidence of the Homeowner's Household income for the applicable year, evidence that the applicant became the Homeowner prior to January 1 st of the calendar year immediately preceding the applicable year, evidence of the amount of the Homeowner's Real estate tax increase.

e) The provisions of Section 2-156-110 of this Code does not apply to City employees with respect to their participation in the property tax relief program created pursuant to this section.

f) The Chief Financial Officer is authorized to expend legally available funds for the implementation of this section. However, the program created pursuant to this section will be suspended at any time that no funds are legally available for the program. The Chief Financial Officer also is authorized to enter into agreements and

take effect upon its passage and approval. /i/C S7 /r

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execute documents necessary to implement this section, to promulgate rules and regulations necessary to implement this section and to prescribe application forms and other forms necessary to elicit relevant information concerning participants in the property tax relief program. The Chief Financial Officer may request the Office of Compliance to conduct audits to determine eligibility of an applicant to participate in the property tax relief program created pursuant to this section. Any personal financial information provided to the City in connection with an application submitted under this section shall remain confidential.

g) *This Section will be effective for five tax years after its effective date. SECTION 3. This ordinance takes effect upon its passage and approval. 4./\$^-'*