



# Office of the City Clerk

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## Legislation Text

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Committee on Finance

### ORDINANCE

WHEREAS, the City of Chicago is a home rule unit of government pursuant to the 1970 Illinois Constitution, Article VII, Section 6 (a); and

WHEREAS, pursuant to its home rule power, the City of Chicago may exercise any power and perform any function relating to its government and affairs including the power to regulate for the protection of the public health, safety, morals, and welfare; and

WHEREAS, the gap in pay between chief executives and rank-and-file employees has been growing steadily; and

WHEREAS, across the Standard & Poor's 500 Index of companies, the average multiple of chief executive officer compensation to that of rank-and-file workers is 204, up 20 percent since 2009, and up 1,000 percent since 1950, according to data compiled by Bloomberg; and

WHEREAS, a similar analysis conducted by the AFL-CIO calculated the ratio of chief executive to other worker pay at companies in the S&P 500 to be 354-1; and

WHEREAS, executive pay is now more than 277 times an average worker's pay, compared with just 20 times in 1965, according to the Economic Policy Institute; and

WHEREAS, on September 18, 2013, the U.S. Securities and Exchange Commission voted to propose a new rule that would require public companies to disclose the difference between the pay of chief executives and their employees; and

WHEREAS, the corporate authorities of the City of Chicago intend to require the full and accurate public disclosure of executive compensation pay ratios of corporations seeking city action and intend to encourage such corporations to adhere to reasonable compensation policies; 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 2-154 of the Municipal Code of the City of Chicago is hereby amended by inserting a new Section 2-154-018, as follows:

### **2-154-018 Executive compensation - Disclosure required.**

(a) This section shall be known as the "Executive Compensation Disclosure Ordinance." The purpose of this section is to promote the full and accurate disclosure of

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the ratio of top executive compensation to the median compensation of the employees of publicly traded corporations seeking city action.

b) As used in this section:

"Annual total compensation" means total compensation for the corporation's last completed fiscal year.

"City action" means any action requiring an ordinance, an amendment to an ordinance, city council approval or other city agency approval with respect to the sale or purchase of real estate, real property tax reclassification, zoning, vacation of streets and alleys, leases or contracts, or involving the award of loan funds, grant funds, bond proceeds, tax increment financing, concession agreements or similar matters.

"Corporation" means any entity required make periodic filings with the Federal Security and Exchange Commission in accordance with 17 C.F.R. § 229.402, also known as Item 402 of Regulation S-K.

"Employee or employee of the corporation" means an individual employed by the corporation or any of its subsidiaries as of the last day of the corporation's last completed fiscal year. This includes any full-time, part-time, seasonal or temporary worker employed by the corporation or any of its subsidiaries on that day (including officers other than the principal executive officer).

"Principal executive officer" means the corporation's chief executive officer or the individual acting in a similar capacity.

"Total compensation" of the employees of the corporation (including the principal executive officer of the corporation) shall be determined in accordance with 17 C.F.R. § 229.402, also known as Item 402 of Regulation S-K. In determining the total compensation, all references to "named executive officer" in Item 402 of Regulation S-K and the instructions thereto may be deemed to refer instead, as applicable, to "employee" and, for non-salaried employees, references to "base salary" and "salary" in Item 402 of Regulation S-K and the instructions thereto may be deemed to refer instead, as applicable, to "wages plus overtime."

c) In addition to any other information required by law, whenever any corporation makes application to the City for any city action as defined in subsection (b) of this section, the following disclosures and information shall be certified and attached to the application:

1) The median of the annual total compensation of all employees of the corporation, except the principal executive officer of the corporation;

2) The annual total compensation of the principal executive officer of the corporation; and

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(3) The ratio of the amount in subsection (c)(1) of this section to the amount in subsection (c)(2) of this section. For purposes of the ratio required by this subsection, the amount in subsection (c)(1) shall equal one, or alternatively, the ratio may be expressed narratively as the multiple that the amount in subsection (c)(2) bears to the amount in subsection (c)(1) of this section.

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SECTION 3. This ordinance shall be in full force and effect upon its passage and