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Legislation Text

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City Council November 20, 2013

Corporate Tax Disclosure Ordinance

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

Section 1. Section 2-154-010 of the Municipal Code of Chicago is hereby amended by inserting the language underscored as follows:

2-154-010 Actions requiring city approval - Disclosure information required when.

[a] Whenever any corporation; partnership; association; business trust; estate; two or more persons having a joint or common interest; other commercial or legal entity; trustee of a land trust; or any beneficiary or beneficiaries thereof [for purposes of this section, collectively "applicant"] makes application to the City of Chicago for action requiring an ordinance, or ordinance amendment, city council approval, or other city agency approval (for purposes of this section, collectively "city action"), with respect to sale or purchase of real estate, real property tax reclassification, zoning, vacation of streets and alleys, leases, and contracts, and/or receiving financial assistance from The City of Chicago, or entering into a contract with the City of Chicago the following disclosures and information shall be certified and attached to the application:

1) The name, address and percentage of ownership interest of each individual or entity having a beneficial interest of more than 7.5 percent in the applicant (for purposes of this section, "owner"). Any owner required by law to file a statement providing substantially the information required by this paragraph with any other government agency may file a duplicate of such statement;

2) Whenever any interest required to be disclosed in paragraph (1) is held by an agent or agents, or a nominee or nominees, the principals for whom such agents or nominees hold such interest shall also be disclosed. The application of a spouse or any other party, if constructively controlled by another person, or legal entity as set forth above, shall state the name and address and percentage of beneficial interest of such person or entity possessing such constructive control and the relationship under which such control is being or may be exercised. Whenever a stock or beneficial interest is held by a corporation or other legal entity, such shareholder or beneficiary shall also make disclosure as required by paragraph (1) above;

3) a statement under oath that the applicant has withheld no disclosures as to economic interests in the undertaking nor reserved any information, data or plan as to the intended use or purpose for which it seeks city action.

(b) The disclosure requirements of this section shall apply to actual and prospective applicants and owners. For purposes of this section, the term "prospective" shall refer to an individual or entity in existence at the time

application is made, which is not an applicant or owner at such time, but which the applicant expects to assume a legal status, within six months of the time the city

action occurs, that would render such individual or entity an applicant or owner if they had held such legal status at the time application was made. (Prior code § 26.1-1; Amend Coun. J. 12-8-04, p. 38063, § 1; Amend Coun. J. 3-12-08, p. 21786, §1)

Section 2. Section 2-154-015 of the Municipal Code of Chicago is hereby amended by inserting the language underscored as follows:

2-154-015 Familial relationships - Disclosure required.

a) This section shall be known as the "Familial Relationships Disclosure Ordinance." The purpose of this section is to promote full and accurate disclosure to the public about any familial relationships that exist between persons seeking city action and elected city officials and department heads.

b) In addition to any other information required by law, whenever any person (hereinafter referred to as "the applicant") makes application to the City for any city action as defined in subsection (d) of this section, such applicant shall disclose to the City whether any of the persons listed in items (1) through (4) of this subsection has a familial relationship with any elected city official or department head, or has a spouse or domestic partner with a familial relationship to any elected city official or department head, and, if so, the precise nature of such familial relationship:

1) The applicant;

2) All corporate officers, if the applicant is a corporation; all partners, if the applicant is a general partnership; all general and limited partners, if the applicant is a limited partnership; and all managers, managing members and members, if the applicant is a limited liability company;

3) Any person having more than a 7.5 percent ownership interest in the applicant; and

4) All principal officers of the applicant, as defined in subsection (d) of this section.

The disclosures and information required by this subsection shall be certified and attached to the application, and shall be accompanied by a statement under oath that the applicant has withheld no disclosures as to familial relationships in the matter or undertaking identified in the application.

c) The disclosure requirements of this section shall apply to actual and prospective applicants, persons having more than a 7.5 percent ownership interest in the applicant and all other persons required to make a disclosure under subsection (b) of this section. For purposes of this section, the term "prospective" means any person that the applicant expects to assume a legal status, within six months of the time the city action occurs, that would require such person to make a disclosure under subsection (b) of this section if such person had held such legal status at the time application was made.

d) ~~As used in this section:~~

~~"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, the creation of tax increment financing districts, concession agreements or similar matters.

"Department head" means the head of any city department, including, but not limited to, any commissioner, superintendent, director, executive director or person exercising similar authority, and shall include person formerly holding the position of department head. For purposes of this definition, the term "formerly holding" means holding the position of department head within the 12-month period preceding the submission of an application for city action.

"Elected city official" means any person currently holding the elected office of mayor, treasurer, city clerk or alderman of the Chicago City Council or formerly holding such elected office. For purposes of this definition, the term "formerly holding" means holding such elected office within the 12-month period preceding the submission of an application for city action.

"Familial relationship" means any person who is related to an elected city official as spouse or domestic partner or as any of the following, whether by blood or by adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half brother or half-sister.

"Person" means any natural individual, firm, solo proprietorship, corporation, partnership, business trust, limited liability company, association, joint venture, estate, two or more persons having a joint or common interest, trustee of a land trust, any other commercial or legal entity or any beneficiary or beneficiaries thereof.

"Principal officer" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority. (Added Coun. J. 7-29-09, p. 67629, § 2)

Section 3. Section 2-154-016 of the Municipal Code of Chicago is hereby amended by inserting the language underscored as follows:

2-154-016 State Taxes Paid - Disclosure Required

- a) For each taxable year ending on or after December 31, 2014, the following corporations, if applying for city action, receiving financial assistance from the City of Chicago or entering into a contract with the City of Chicago shall file a statement described in subsection (b) of this section with the City of Chicago Department of Procurement Services:
- 1) publicly traded corporations, including a corporations traded on foreign stock exchanges; or
 - 2) corporations with respect to which 50% or more of the voting stock is owned, directly
- b) A corporate tax disclosure statement shall be filed, at the time of application for city action and then annually for each year the corporation has a contract or receives financial assistance from the City of Chicago, in an electronic format

specified by the Department of Procurement Services, pursuant to rules adopted by the Department of Procurement Services, no more than 30 days following the filing of the corporation's tax return required under the Illinois Income Tax Act (35 ILCS 5/) or, in the case of a corporation that is not required to file such tax return(s), within 90 days after the filing of the corporation's federal income tax return, including any federal consolidated return in which the corporation is included.

(c) A corporate tax disclosure statement shall contain the following information:

- 1) the name of the corporation and the street address of its principal executive office;
- 2) if different from subsection (c)(1), the name of any corporation that owns, directly or indirectly, 50% or more of the voting stock of the corporation and the street address of that corporation's principal executive office;
- 3) the corporation's 4-digit North American Industry Classification System code number;
- 4) a unique code number, assigned by the Department of Procurement Services, to identify the corporation; that code number shall remain constant from year to year; and
- 5) the following information used in preparing or contained in the corporation's most recent tax return filed under the Illinois Income Tax Act (35 ILCS 5/) or, in the case of a corporation that is not required to file a tax return under the Illinois Income Tax Act (35 ILCS 5/), the information that would be required to be reported on or used in preparing the tax return(s) if the corporation had been required to file such return(s):
 - A) total receipts or total gross income of the unitary group of which the corporation is a member;¹
 - B) total cost-of-goods-sold claimed as a deduction from gross income by the unitary group of which the corporation is a member;
 - C) taxable income of the corporation or unitary group of which the corporation is a member as modified by the Illinois Income Tax Act (35 ILCS 5/);
 - D) base income of the corporation;
 - E) net income of the corporation with state income individually enumerated;
 - F) corporation's total state income tax liability before tax credits;
 - G) corporation's total personal property tax liability before tax credits;
 - H) tax credits claimed by the corporation, with each credit individually enumerated [and categorized as state or municipal];
 - I) accumulated tax credit carryovers, enumerated by credit (P) alternative minimum tax, if applicable;
 - J) net personal property tax or personal property tax replacement tax; (K) net corporate income tax; (L) corporate income tax paid; and
 - (M) corporate income tax due paid under protest, if applicable.

(d) A corporation doing business in Illinois that is not required to file a tax return under the Illinois Income Tax Act (35 ILCS 5/) may, in lieu of the statement under subsection (c), elect to file a statement with the Department of Procurement Services containing the following information:

- 1) The information specified in items (1) through (4) of subsection (c) of this section;
- 2) An explanation of why the corporation is not required to file a corporate income tax return in this state [or city]; and
- 3) A designation of whether the corporation's total gross receipts from sales to purchasers in this state during the taxable year was:
 - A) Less than \$10,000,000;
 - B) \$10,000,000 or more but less than \$50,000,000;
 - C) \$50,000,000 or more but less than \$100,000,000;
 - D) \$100,000,000 or more but less than \$250,000,000; or

E) \$250,000,000 or more.

(e) A corporate tax disclosure statement shall include data on employment levels, including:

(1) full-time-equivalent employment of the corporation in the state on the last day of the tax year for which the return is being filed and for the three previous tax years; and
(2) full-time-equivalent employment of the corporation in the city on the last day of the tax year for which the return is being filed and for the three previous tax years, (f) A corporate tax disclosure statement shall be current as of the date upon which an application for city action, a contract with the City of Chicago, or financial assistance from the City of Chicago is presented to the Chicago City Council or any other city agency and shall be maintained current until such time as the City Council or other city agency shall take action on the application, and thereafter at all times while the corporation required to file a corporate tax disclosure statement is engaged in doing business with the City of Chicago pursuant to city action, has a contract with the City of Chicago or receives financial assistance from the City of Chicago.

PUBLIC ACCESS TO TAX DISCLOSURE STATEMENTS.

- a) Corporate tax disclosure statements required under this ordinance shall be public records. The Department of Procurement Services shall make all information contained in those statements available to the public on an ongoing basis in the form of a searchable database accessible through the Internet. All data shall be available for download by the public through the City of Chicago's Economic Disclosure Statement web page in Excel or comparable spreadsheet format.
- b) The Department of Procurement Services shall set and collect from persons requesting information in the statements reasonable charges that cover the cost to the state of providing copies on appropriate computer-readable media of the entire database for statements filed during each calendar year as well as hard copies of any individual annual statement for a specific corporation.

CONFIDENTIAL INFORMATION. Nothing in this ordinance shall require reporting or allow disclosure of information that is confidential and may not be disclosed pursuant to the Internal Revenue Code or any other federal statute.

Section 4. Section 2-154-020 of the Municipal Code of Chicago is hereby amended by inserting the language underscored as follows:

2-154-020 Information to be kept current.

All disclosures and information shall be current as of the date upon which the application is presented to the city council or other city agency, and shall be maintained current until such time as the city council or other city agency shall take action on the application. Provided, however, that all disclosures and information pertaining to matters resulting in ineligibility to do business with the city under Article I of Chapter 1-23 of this Code shall be maintained current as of the date upon which the application is presented to the city council or other city agency, and until such time as the city council or other city agency shall take action on the application, and thereafter at all times while the person or entity required to provide disclosures and information is engaged in doing business with the city pursuant to an ordinance, ordinance amendment, city council approval or other city agency approval for which application was made to the City of Chicago under this chapter. (Prior code § 26.1-2; Amend

Coun. J. 6-30-10, p. 95061, § 4; Amend Coun. J. 9-8-10, p. 99116, §4)

Section 5. Section 2-154-030 of the Municipal Code of Chicago is hereby amended by inserting the language underscored as follows:

2-154-030 Additional information authorized when.

- (a) Notwithstanding any of the above provisions, the corporation counsel, and also the chief procurement officer with respect to contracts awarded by the chief procurement officer, may require any such additional information from any applicant which is reasonably intended to achieve full disclosure relevant to the application for action by the city council or other city agency.
- b) Any corporation that is required to submit a corporate tax disclosure statement under this ordinance is permitted to submit supplemental information that, in the judgment of the corporation, could facilitate proper interpretation of the information included in the statement. The method of public dissemination of the information contained in the statements required under [Section 5] of this ordinance shall ensure that any such supplemental information is publicly available and that notification of its availability is made to any person seeking information contained in the statement.
- c) If a corporation files an amended federal or state income tax return, then that corporation shall file a revised statement under this section within 60 calendar days after the amended return is filed. If a corporation's tax liability for a tax year is changed as the result of an uncontested audit adjustment or final determination of liability by the Illinois Department of Revenue, or by a court of law as provided for in the Illinois Income Tax Act (35 ILCS 5/), then the corporation shall file a revised

statement under this section within 60 calendar days after the final determination of liability.

(Prior code § 26.1-3; Amend Coun. J. 12-8-04, p. 38063, § 1)

Section 6. Section 2-154-040 of the Municipal Code of Chicago is hereby amended by inserting the language underscored as follows:

2-154-040 Failure to comply.

~~Any failure to comply with the provisions of this chapter shall render any ordinance, ordinance amendment, city council approval or other city action in behalf of the applicant failing to comply, voidable at the option of the city council or other City agency involved, upon the recommendation of the mayor.~~

- a) The accuracy of the statements required under this ordinance shall be attested to in writing by the chief operating officer of the corporation, and shall be subject to audit by the Department of Procurement Services in the course of and under the normal procedures applicable to business tax audits.
- b) The Department of Procurement Services shall develop and implement an oversight and penalty system applicable to both the chief operating officer of the corporation and the corporation itself to ensure that corporations required to file a tax disclosure statement under this section, including those not required to file a return under the Illinois Income Tax Act (35 ILCS 5/) shall provide the required attestation and disclosure statements, respectively, in a timely and accurate manner. The maximum civil penalty may not exceed \$100 per statement for each day during which the corporation is

delinquent in filing an original statement under Section 2-154-016 or an amended statement under Section 2-154-030 of this ordinance. The Department of Procurement Services shall publish the name and penalty imposed upon any corporation subject to a penalty for failing to file the required statement or filing an inaccurate statement.

c) Any failure to comply with the provisions of this ordinance shall render any ordinance, ordinance amendment, City Council approval or other city action on behalf of the applicant failing to comply, voidable at the option of the Chicago City Council or other city agency involved, upon the recommendation of the Mayor.

(Prior code § 26.1-4)

Section 7. Section 2-154-050 of the Municipal Code of Chicago is hereby amended by inserting the language underscored as follows:

2-154-050 Rulemaking authority.

The corporation counsel is authorized to promulgate rules and regulations and prepare forms to effectuate the purposes of this chapter. (Added Coun. J. 12-8-04, p. 38063, § 1)

2-154-060 Definitions As used in this
section:

"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, the creation of tax increment financing districts, concession agreements or similar matters.

"Department head" means the head of any city department, including, but not limited to, any commissioner, superintendent, director, executive director or person exercising similar authority, and shall include person formerly holding the position of department head. For purposes of this definition, the term "formerly holding" means holding the position of department head within the 12-month period preceding the submission of an application for city action.

"Elected city official" means any person currently holding the elected office of mayor, treasurer, city clerk or alderman of the Chicago City Council or formerly holding such elected office. For purposes of this definition, the term "formerly holding" means holding such elected office within the 12-month period preceding the submission of an application for city action.

"Familial relationship" means any person who is related to an elected city official as spouse or domestic partner or as any of the following, whether by blood or by adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Person" means any natural individual, firm, sole proprietorship, corporation, partnership, business trust, limited liability company, association, joint venture, estate, two or more persons having a joint or common interest, trustee of a land trust, any other commercial or legal entity or any beneficiary or beneficiaries thereof.

"Principal officer" means the president, chief operating officer, executive director, chief financial

officer, treasurer or secretary of a legal entity or any person exercising similar authority.

"Contract" means any agreement or transaction pursuant to which a contractor receives City of Chicago funds or other property, including grant funds, in consideration for services, work or goods provided or rendered, including contracts for legal or other professional services. However, a

"contract" does not include a:

- A) Delegate agency contract;
- B) Lease of real property; or
- C) Collective bargaining agreement.

"Corporation" means any entity subject to the tax imposed by 35 ILCS 5/101 to 5/1701 or by Section 11 of the Internal Revenue Code of 1986, as amended. However, the term excludes "qualified personal service corporations", as defined in Section 448 of the Internal Revenue Code of 1986, as amended.

"Financial assistance" means any assistance provided by the City of Chicago through grants, direct or indirect loans, fee waivers, tax credits or other financial subsidy.

Section 8. This ordinance shall take effect and be in force upon its passage and publication.

6th Ward

8^h Ward

10th Ward

11* Ward

15th Ward

18th Ward

22nd Ward

23rd Ward

26th Ward

27th Ward

29th Ward