



Office of the City Clerk

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Legislation Text

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Committee on Finance

A RESOLUTION TO FULLY FUND OUR COMMUNITIES BY CANCELING WALL STREET PAYMENTS

WHEREAS, the COVID-19 pandemic has created a crisis more sudden and far more dramatic than any previously in history; and

WHEREAS, to date the COVID-19 virus has no known cure or vaccine, and will continue to spread with no certain end in sight, requiring continued public health measures; and

WHEREAS, in a period of just six months, the COVID-19 pandemic has infected more than 6.8 million people and caused the death of more than 200,000 people in the United States; and

WHEREAS, the COVID-19 pandemic has forced state and local governments to shut down businesses for weeks even months to protect everyone's health, with tens of millions of people losing their jobs within a period of weeks and millions more underemployed; and

WHEREAS, the COVID-19 pandemic continues to constitute an emergency that places essential workers at high risk for contracting the virus: Public sector employees, such as first responders, public health staff, sanitation workers, and safety net enrollment staff are among the many public employees saving lives, keeping communities safe, and ensuring that families have access to healthcare, food and roofs over their heads; and

WHEREAS, state and local governments are facing staggering budget shortfalls as economic contraction has reduced nearly all forms of government revenues, with the prospect of severe cuts to public services, painful layoffs and austerity measures on the horizon that will disproportionately impact Black, Brown and Indigenous workers and communities; and

WHEREAS, state and local governments are unable to predict the true scale of declining revenues, as costs rise sharply from business closings and rampant unemployment; and

WHEREAS, the public health and economic crises caused by the pandemic demand a robust safety net and the expansion of public services; and

WHEREAS, the imposition of austerity measures and service cuts will not only greatly increase the suffering of communities and families, it will prolong our recovery and roll back advances we have made in creating more equitable communities for residents; and

WHEREAS, the recovery from the COVID-19 pandemic will be uneven and disastrous without reprioritization of our local budget; and

WHEREAS, state and local governments across the country pay an estimated \$160 billion annually in interest payments

on public debt, hindering governments' ability to provide critical services and meet community needs; and

WHEREAS, the City of Chicago spent 1.1 Billion on interest payments on debt during the 2018 fiscal year; and

WHEREAS, these high-interest payments that are intended to compensate creditors for the risk that borrowers will default on their debts become a major drain on public budgets; and

WHEREAS, the risk of state and local governments and government agencies defaulting on their debts is virtually nonexistent because debt payments take priority over almost all other government expenses and history shows that municipal borrower default rates are less than 0.2 percent; and

WHEREAS, despite these extremely rare defaults, credit rating agencies give municipal borrowers lower credit ratings than corporations with riskier credit profiles, thereby forcing them to pay unreasonably high interest rates; and

WHEREAS, credit rating agencies give municipal borrowers with larger concentrations of people of color lower credit ratings; and

WHEREAS, the Wall Street banks that underwrite the municipal bonds have rigged the rules to maximize profits; and

WHEREAS, Wall Street banks have a long history of targeting municipal borrowers with fraudulent practices and predatory forms of debt, of repeatedly breaking federal and state antitrust and securities laws, and of defrauding municipal borrowers with misleading information to pad their own bottom line; and

WHEREAS, many of the bondholders profiting off of the interest from municipal bonds are the same wealthy investors who don't pay their fair share in taxes; therefore

BE IT RESOLVED by the Chicago City Council that the Chief Financial Officer for the City Of Chicago enter into conversations with the financial institutions that serve as bond underwriters for the City of Chicago and demand that they offer the City of Chicago long-term loans with terms of up to 30 years to meet all of its borrowing needs without charging any interest or fees; and

BE IT FURTHER RESOLVED that the Chicago City Council calls on the Federal Reserve Bank of the United States to offer long-term loans with terms of up to thirty years to meet all of the borrowing needs of all state and local governments and government units in the United States without charging them any interest or fees.

Rossana Rodriguez Sanchez 33rd Ward

Daniel La Spata 1st Ward

Byron Sigcho Lopez

25th Ward

Carlos Ramirez Rosa 35th Ward

Jeannette Taylor 20th Ward

Michael D. Rodriguez 22nd Ward

Matthew Martin 47th Ward

Maria Hadden 49th Ward

Andre Vazquez 40th Ward