



Chicago Metropolitan Agency for Planning

Agenda Item No. 3.0

233 South Wacker Drive
Suite 800
Chicago, Illinois 60606
312 454 0400
www.cmap.illinois.gov

Regional Tax Policy Task Force

DRAFT Minutes

Friday, November 18, 2011

9:30 a.m.

DuPage County Conference Room

233 S. Wacker Drive, Suite 800

Chicago, Illinois

- Members Present:** Frank Beal (Chair)-Metropolis Strategies, Paul Braun-Village of Flossmoor, Barry Burton-Lake County, Karen Darch-Village of Barrington, Larry Hartwig-Village of Addison, Mike Klemens-Illinois Department of Revenue, Laurence Msall-Civic Federation, Chris Nash – City of Chicago Michael Pagano-University of Illinois at Chicago, Donovan Pepper-Walgreen Co.
- Members Absent:** Zahra Ali-Cook County Department of Revenue, Paul Fisher-CenterPoint Properties Trust, Tom Johnson-Taxpayers' Federation of Illinois, Dan Long-Commission on Government Forecasting and Accountability, Daniel McMillen-University of Illinois
- Others Present:** Dave Bennett - Metropolitan Mayors Caucus, Larry Bury - Northwest Municipal Conference, William Lachman - Regional Transportation Authority, Chris Staron – Northwest Municipal Conference, Susan Liepert – Metropolis Strategies, Holly Lown – Metra, David Pope – Village of Oak Park, Chrissy Nichols – Metropolitan Planning Council, Jodie Andrew – Village of Schaumburg, Tam Kutzmark - DuPage Mayors and Managers Conference, Mike Klemens – Will County Government League
- Staff Present:** Randy Blankenhorn, Jill Leary, Matt Maloney, Lindsay Hollander, Jason Navota

1.0 Call to Order

Chair Frank Beal called the meeting to order at 9:40 a.m.

2.0 Agenda Changes and Announcements

There were no agenda changes or announcements.

3.0 Approval of Minutes – October 14, 2011

A motion to approve the minutes was made, seconded and with all in favor, carried.

4.0 Discussion of Recommendation Options

The Task Force started by discussing the principles for recommendation development. It was confirmed that the principles were being used as a tool for guiding the development of recommendations, and the Task Force did not need to reach consensus on them. The Task Force then moved to discussing recommendation options, starting with the personal property replacement tax (PPRT). The members agreed that the revenues from the PPRT were necessary to ensure that general purpose local governments remained fiscally sustainable. The Task Force discussed whether rates could be changed if the revenues were no longer disbursed to certain local governments.

The Task Force then discussed the revenue sharing arrangements for the PPRT. Some members were interested in changing the disbursement structure by examining which local governments could be eliminated or consolidated. Capping growth in the revenues and allowing counties to disburse growth in PPRT revenues was also discussed. Others suggested phasing in a new distribution system.

The Task Force discussed treating retirement income for state income tax purposes the same as the federal government treats retirement income for federal income tax purposes. The members agreed that federally-taxed retirement income should be included in the individual income tax base.

Sales tax base and rates were also discussed. Members questioned how expanding the sales tax base to additional services would be implemented, in terms of whether business inputs would be exempted and how the sales would be sourced. Whether the rate should be dropped and how this would affect local governments was discussed. The Task Force agreed that the sales tax base should be expanded to additional services and that the rate should be reduced, if possible.

The members discussed sales tax revenue sharing. Some members expressed support for changing the system to reduce intraregional competition and increase the extent that the expenditure of taxpayer dollars correspond to levels of service provided in return. Other members did not think the criteria should be modified, and stated that the local governments that receive the revenues need the funds. The Task Force agreed that more disclosure was needed for sales tax rebate agreements that local governments make with businesses.

The Task Force discussed motor fuel tax revenue sharing. Some members were concerned that the current system ignores the actual usage of the transportation network and does not allow municipalities to get funding for commercial and industrial properties. Other members were concerned that the current system results in too many units of government running the transportation network.

The Task Force discussed property tax issues. Classification was discussed and the members agreed that it should be phased out slowly. The Property Tax Extension Limitation Law was also discussed. Members expressed support for PTELL but some were interested in changing the way the extension limitation is calculated.

5.0 Other Business

There was no other business.

6.0 Public Comment

There was no public comment.

7.0 Next Meeting – December 9, 2011

8.0 Adjournment

The meeting adjourned at 11:55 a.m.