



Chicago Metropolitan Agency for Planning

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Regional Tax Policy Task Force

DRAFT Minutes

Friday, April 8, 2011

9:30 a.m.

Cook County Conference Room

233 S. Wacker Drive, Suite 800

Chicago, Illinois

Members Present: Frank Beal (Chair)-Metropolis Strategies, Zahra Ali-Cook County Department of Revenue, Paul Braun-Village of Flossmoor, Barry Burton-Lake County, Douglas Ellsworth-Village of Schaumburg, Paul Fisher-CenterPoint Properties Trust, Tom Johnson-Taxpayers' Federation of Illinois, Mike Klemens-Illinois Department of Revenue, Daniel McMillen-University of Illinois, Ann McNabb-City of Chicago, Laurence Msall-Civic Federation, Michael Pagano-University of Illinois at Chicago, Donovan Pepper-Walgreen Co., Edward Schock-City of Elgin

Members Absent: Dan Long-Commission on Government Forecasting and Accountability

Others Present: Dave Bennett-Metropolitan Mayors Caucus, Ed Boss-Commission on Government Forecasting and Accountability, Larry Bury-Northwest Municipal Conference, Bona Heinsohn-Cook County Farm Bureau, William Lachman-Regional Transportation Authority, Mitchell Lifson-Illinois Department of Revenue, Chrissy Nichols-Metropolitan Planning Council, Chris Staron-Northwest Municipal Conference

Staff Present: Randy Blankenhorn, Jill Leary, Matt Maloney, Lindsay Hollander, Brett Baden, Ylda Capriccioso, Patricia Berry, Jessica Simoncelli, Jason Navota

1.0 Call to Order

Chair Frank Beal called the meeting to order at 9:35 a.m.

2.0 Agenda Changes and Announcements

Chairman Beal proposed that Item 5, the overview on GO TO 2040, be presented after Item 3 task force member introductions.

3.0 Committee Member Introductions

The members of the Regional Tax Policy Task Force introduced themselves and described their backgrounds. Members of the audience were also asked to introduce themselves.

4.0 Overview of GO TO 2040

Matt Maloney presented an overview of the GO TO 2040 comprehensive regional plan, which was adopted in October 2010. The region faces challenges to overcome, like achieving sustainable development, developing a skilled workforce, and enhancing transportation options. The plan includes twelve chapters that recommend actions to address these challenges, including a chapter on tax policy.

Outward expansion and land consumption in the region over the past century is due to local decision-making, infrastructure investments, and market forces. However, this expansion has required a large government investment in infrastructure and services and has often created disparities between where people live and work. GO TO 2040 emphasizes that there are significant opportunities to accommodate new growth by reinvesting in land within existing municipal boundaries. The plan targets redevelopment of 100,000 underutilized acres by 2040, and projects that this can accommodate around half the region's growth- or 1.2 million people.

Tax policy is highly related to development decisions, and the plan describes that our current tax structure may, at times, present a barrier to reinvestment. Some examples are the high local net revenues generated from large footprint retail establishments as well as the current property tax system, which often distorts where businesses locate. Reforming tax policy could improve the region's economic climate, encourage more sustainable land use patterns, enhance regional cooperation, and make the tax system more efficient. With this in mind, the plan recommended the creation of the Regional Tax Policy Task Force to evaluate existing state/local revenue sharing arrangements, the property tax system, expanding the sales tax to services, and local tax capacity.

The task force discussed how tax capacity relates both to local governments' needs and the large number of local governments in the region.

5.0 Task Force Mission, Meeting Schedule and Scope of Work

The task force discussed the proposed mission, meeting schedule, and scope of work, as well as how much focus would be given to school inequity and the ability of schools to create a skilled workforce. Chairman Beal said he was open to moving in new directions insofar as the focus was whether current tax practices enhance the region's ability to be competitive. The task force continued to discuss how school quality drives decisions about where residents and businesses locate, whether eliminating funding disparities would create better schools, and school expenditures.

The task force also discussed looking at how tax policy can encourage industrial development and enhance existing infrastructure.

Chairman Beal stated that it is CMAP's charge to treat metropolitan Chicago as an economic unit, and it is responsible for addressing issues of regional importance. He explained that the purpose of the task force was to give the CMAP Board something that will motivate it to take a leadership role in making changes. Therefore, the goal is to have consensus on a set of recommendations to give to the Board.

The task force continued to discuss that while implementation of the actual recommendations made in the final report may go beyond CMAP's authority, CMAP has capacity to speak on these issues.

Chairman Beal clarified it is the individual members that make up the task force. Alternates would not be able to vote on recommendations. Mr. Maloney announced that the schedule would consist of ten meetings on the second Friday of each month.

6.0 Brief Overview of State and Local Revenues and Expenditures

Lindsay Hollander gave a brief overview of state and local finance in Illinois and the Chicago metropolitan region. The overview included information about state and local revenues and expenditures, the number and types of local governments in the CMAP region, as well as an analysis of tax capacity among municipalities in the CMAP region. When measuring tax capacity using a municipality's sales and property tax bases, the region's municipalities exhibit a wide range of capacity but are primarily clustered near the regional median.

The task force discussed the large number of local governments in the region. The discussion centered on whether the current system was sustainable, whether the number of governments encourages cooperation or competition, and the effect on regional economic competitiveness. It was suggested that public-private partnerships would reduce the need for government revenues. Several members advised that the focus of the task force be limited to tax policy and that it is important to keep the focus simple to avoid mission creep.

The task force discussed the importance of considering what other states and regions do, and which regions the task force should research.

7.0 Other Business

There was no other business.

8.0 Public Comment

There was no public comment.

9.0 Next Meeting - May 13, 2011.

10.0 Adjournment

The meeting adjourned at 11:10 a.m.