



Chicago Metropolitan Agency for Planning

Agenda Item No. 3.1

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Regional Tax Policy Task Force

DRAFT Minutes

Friday, June 17, 2011

9:30 a.m.

DuPage 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, Karen Darch-Village of Barrington, Paul Fisher-CenterPoint Properties Trust, Larry Hartwig-Village of Addison, Tom Johnson-Taxpayers' Federation of Illinois, Mike Klemens-Illinois Department of Revenue, Dan Long-Commission on Government Forecasting and Accountability, Daniel McMillen-University of Illinois, Ann McNabb-City of Chicago, Laurence Msall-Civic Federation, Michael Pagano-University of Illinois at Chicago
- Members Absent:** Paul Braun-Village of Flossmoor, Barry Burton-Lake County, Donovan Pepper-Walgreen Co.
- Others Present:** Dave Bennett - Metropolitan Mayors Caucus, Larry Bury-Northwest Municipal Conference, Natalie Davila – Illinois Department of Revenue, Bona Heinsohn-Cook County Farm Bureau, Todd Hileman – Village of Glenview, William Lachman-Regional Transportation Authority, Mitchell Lifson- Illinois Department of Revenue, Peter Matuszak – Civic Federation; Keith Sherman – Illinois Department of Transportation
- Staff Present:** Randy Blankenhorn, Jill Leary, Matt Maloney, Lindsay Hollander, Brett Baden, Patricia Berry, Tom Garritano, Ylda Capriccioso

1.0 Call to Order

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

2.0 Agenda Changes and Announcements

The Chair announced that the materials provided for Agenda Item 5.0 do not represent an adopted proposal, but an analysis of data for the basis of discussion. The Chair also stated that GO TO 2040 charged the Task Force with studying sales tax revenue sharing, so this topic is in the purview of the Task Force. A letter from Mayor Al Larson of

Schaumburg, which challenges the Task Force's analysis of this subject, was also made available publicly at the meeting.

3.0 Approval of Minutes – May 13, 2011

A motion to approve the minutes of the May 13 meeting, as presented was made and seconded and with all in favor, carried.

4.0 Taxation and Land Use Implications

Michael Pagano gave a presentation on the land use implications of taxation, using examples from other regions. He discussed land use strategies that maximize revenues and minimize costs for communities. Strategies and examples of communities that collect sales tax, income tax, and land value taxes were provided.

The Task Force commented on the presentation and asked questions. Members discussed whether revenues influence development in the region.

5.0 Discussion of Sales Tax Revenue Sharing

The Task Force was presented with and discussed a formula for disbursing state sales tax revenues to municipalities based on location of sale, population, tax base, and then setting aside a portion of the revenues for regional needs. Members discussed the difficulty in making a recommendation regarding this issue at the third meeting of the Task Force and that it might be easier to make recommendations in conjunction with other issues.

Also under discussion was whether a new system should encourage infill development and help to reduce property tax rates in areas with opportunities for infill development. Members wondered about the current means of maintaining the region's infrastructure, the condition of the infrastructure, and the sustainability of the funding. The Task Force questioned whether changing the system would result in better regional outcomes and whether outcomes could be assessed. In addition, the Task Force discussed whether the goals should include equity for taxpayers.

The Task Force also discussed the issue of fairness and equity, and whether fairness would be achieved by enhancing equity or by retaining the current system, which communities expected would not change. It was suggested that instead of looking at tax policy, the Task Force should look at service delivery and the consolidation of governments. It was also suggested that by looking at tax policy and shifting revenues, communities are given an incentive to share services and consolidate.

Land use was also discussed in terms of how changing the revenue sharing arrangement would impact land use, and whether it would be possible to identify problematic land use patterns that developed as a result of the revenue sharing structure. Some members expressed concern over the fiscalization of land use and the public policy implications of incentivizing retail land use over other commercial and industrial land uses. Other

members stated that development patterns are determined by other factors, such as market forces, or supply chain costs and employment base.

The Task Force discussed whether tax incentives to businesses drive development, land use, and business location decisions. Some members stated that not every community uses incentives, especially since existing businesses find them unfair.

The importance of CMAP and the region to speaking with one voice was mentioned, especially since there is a fair degree of comfort with CMAP and its mission across the region.

The Task Force also had a discussion about including additional services in the sales tax base, which will be discussed at the July 8, 2011 meeting.

6.0 Other Business

There was no other business.

7.0 Public Comment

There was no public comment.

8.0 Next Meeting – July 8, 2011.

9.0 Adjournment

The meeting adjourned at 11:30 a.m.