



Chicago Metropolitan Agency for Planning

Agenda Item No. 3.2

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Regional Tax Policy Task Force

DRAFT Minutes

Friday, July 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, Karen Darch-Village of Barrington, Paul Fisher-CenterPoint Properties Trust, Tom Johnson-Taxpayers' Federation of Illinois, Mike Klemens-Illinois Department of Revenue, Dan Long-Commission on Government Forecasting and Accountability, Laurence Msall-Civic Federation, Chris Nash – City of Chicago

Members Absent: Larry Hartwig-Village of Addison, Daniel McMillen-University of Illinois, Michael Pagano-University of Illinois at Chicago, Donovan Pepper-Walgreen Co.

Others Present: Dave Bennett - Metropolitan Mayors Caucus, Chris Staron - Northwest Municipal Conference, Michael Allison – Village of Vernon Hills, Bona Heinsohn-Cook County Farm Bureau, Natalie Davila – Illinois Department of Revenue, Mike Albin – DuPage Mayors and Managers Conference, William Lachman-Regional Transportation Authority, Laurie Cohen – Civic Federation; Peter Matuszak – Civic Federation; Bruce Carmitchel – Illinois Department of Transportation, Keith Sherman – Illinois Department of Transportation

Staff Present: Randy Blankenhorn, Jill Leary, Matt Maloney, Lindsay Hollander, Brett Baden, Thomas Gonzales

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 a summary of additional sales tax revenue sharing prototypes were being provided to the Task Force. The Chair also indicated that copies of GO TO

2040 were available, and included information on transportation infrastructure. The Chair also introduced Chris Nash, City of Chicago, who will replace Ann McNabb on the Task Force.

3.0 Approval of Minutes – June 17, 2011

A motion to approve the minutes of the June 17 meeting, as presented was made and was tabled. A new draft will be prepared for the August 12, 2011 meeting.

4.0 Investing in Chicago: Toward a Regional Agenda for Economic Growth

Frank Beal gave a presentation on the economy of the 14-county Chicago metropolitan statistical area. The presentation showed that since the late 1990s, the region's economy has not grown at the same rate as the nation as well as many other regions. This phenomenon has exhibited itself in the region's gross regional product, job growth, and population growth. The presentation also addressed the ways that tax policy affects the economy, including the size and complexity of the tax burden, the value of goods and services, tax effects on spatial efficiency and the cost of transportation, tax incentives, and the distribution of tax revenues.

Members asked questions and discussed the presentation. Members also discussed the consolidation of governments, which other groups like the Metropolitan Mayor's Caucus are currently analyzing.

5.0 Discussion of Sales Tax Base

The Task Force discussed expanding the sales tax base to services and the possibility of lowering the rate in conjunction with expanding the base. Members inquired as to whether other groups (in addition to the estimates presented by CMAP and COGFA) had done estimates of how much revenue would be generated by adding services to the sales tax base. The difficulty of getting the numbers correct was discussed in the context of certain services already being taxed under the statute, different estimates using different services, and the current sales tax exempting certain items. Members also discussed the relative goals of expanding the base to generate revenue versus expanding it to generate preferred public policy outcomes such as lower tax burdens or improved equity in the tax structure..

The Task Force also discussed issues with taxing business inputs, such as professional services. In addition, the effect on economic development was discussed. Members discussed whether doing this would help the regional economy, the effect on business retention, and how the overall tax burden would be affected.

6.0 Discussion of Personal Property Replacement Tax

The Task Force discussed the personal property replacement tax and how revenues are distributed to local governments. The suitability of using personal property tax revenues from 1977 as criteria to disburse the revenues to local governments was discussed. Some argued that the disbursement criteria were no longer appropriate as a replacement for the

former personal property tax, while others stated that these revenues are important for many local governments.

The Task Force also discussed the PPRT in the context of the overall tax system and business climate in Illinois. Members mentioned that while Illinois has many advantages for business, high tax rates are a “billboard issue” that may be a problem for economic growth. The members were interested in seeing how the region’s tax system compared to other regions’ tax systems, particularly regions that have experienced more economic growth than Chicago. Staff will prepare this for the next meeting.

7.0 Other Business

There was no other business.

8.0 Public Comment

Mike Allison, Village Manager of Vernon Hills, commented on state sales tax revenue sharing. He stated that sales tax revenue is a fundamental part of Vernon Hills’ revenue stream, and that changing the formula may affect their revenue bonds. He suggested that the Task Force examine all aspects of the sales tax. He mentioned that the Village did six sales tax incentive agreements recently just because their shopping centers have been declining.

9.0 Next Meeting – August 12, 2011.

10.0 Adjournment

The meeting adjourned at 11:45 a.m.