



CITY OF CHICAGO

2019 BUDGET
OVERVIEW

MAYOR RAHM EMANUEL

REVENUE DISCUSSION – CORPORATE FUND (CONTINUED)

Licenses and Permits

Total revenue from licenses and permits is projected to be \$134.1 million in 2019, accounting for 3.5 percent of Corporate Fund resources. These revenues include fees charged for the issuance of business licenses, alcohol dealer licenses, building and demolition permits, and various other permits. Business permits and alcohol dealer license revenue are expected to increase slightly due to a two-year renewal cycle for these licenses. The two-year business license cycle results in fluctuations in revenue from year-to-year.

Fines, Forfeitures, and Penalties

Fines, forfeitures, and penalties include fines from parking tickets, tickets for traffic violations, and other penalties assessed in administrative hearings or the courts. Revenue from fines, forfeitures, and penalties in 2019 is estimated to be \$345.0 million. This figure accounts for 9.0 percent of 2019 Corporate Fund resources and represents a 0.9 percent increase compared 2018 year-end projected revenues of \$342.0 million.

Charges for Services

Revenues from charges for services are expected to increase in 2019 to \$139.6 million, accounting for 3.7 percent of total Corporate Fund resources. Charges for services include fees charged for inspections, public information requests, police and other safety services. Nearly all of the increase over the 2018 year-end estimate of \$122.0 million is due to planned reimbursement of police officer expenses providing security services in Chicago Public Schools beginning July 1, 2019.

Leases, Rentals, and Sales

Revenue generated from the lease or sale of City-owned land and other property accounts for approximately one percent of overall Corporate Fund revenue each year. Total revenues from such leases and sales are expected to decrease to \$34.3 million in 2019 from \$35.5 million in 2018.

Reimbursements, Interest, and Other Revenue

The 2019 projection for reimbursements, interest, and other revenues is \$413.7 million. Investment returns on the Corporate Fund are budgeted at \$6.5 million in 2019. Reimbursements consist of amounts transferred to the Corporate Fund from other City funds for central services such as information technology, police and fire services, street and building maintenance, and administrative

services. A list of the anticipated inter-fund reimbursements to the Corporate Fund is set forth in Appendix A of the 2019 Budget Recommendations.

On an annual basis, the City declares a portion of the funds in active Tax Increment Financing (“TIF”) districts as surplus revenue, returning a proportionate share of the funds to the City’s operating budget based on the City’s share of the composite tax rate. For the 2019 budget, the City expects to receive \$42.7 million in surplus TIF revenue.

Transfers-In

Transfers-in are resources that are moved from other funds into the Corporate Fund. In 2019, transfers-in are projected to be \$604.6 million, including a combined \$20.0 million of investment income from the asset lease and concession reserves.

In October 2017, the City Council passed an ordinance authorizing the creation of a Sales Tax Securitization Corporation (“STSC”). Under this agreement, the City receives the proceeds of bonds issued by the STSC as well as residual sales tax revenues not used to make debt service payments. The State-collected portion of the City’s Sales Tax (Home Rule Occupation Tax and Use Tax or “HROT”) and the City’s share of the State’s Sales and Use Taxes (Municipal Retailer Occupation Tax or “MROT”) are sold to the STSC and any remaining revenue not used for debt service are now located in ‘Proceeds and Transfers’. Sales tax collections from the City’s portion of the state’s sales tax (“MROT”) and the City’s sales tax (“HROT”) are projected to grow 2.8 percent or \$19.0 million over the 2018 year-end estimate; however, this increase is offset by the timing of increased STSC debt service payments. These increased debt service payments will result in a \$10.6 million decrease in residual revenue transferred to the City from the STSC for a total transfer of \$576.6 million.

Prior Year Available Resources

Prior years’ savings and sustainable revenue growth along with spending controls and other efficiencies resulted in a modest growth in the Corporate Fund balance over the past three years. This funding source will provide \$76.0 million in 2019 funding. This includes \$38.0 million of 2017 net operating income reserved for funding future investments in public safety. For additional discussion on the City’s prior year available resources, see the City’s fund stabilization policy in the Budget and Financial Policy section of this book.

BUDGET GLOSSARY (CONTINUED)

deregulation that is imposed on electricity deliverers to compensate the City of Chicago for the privilege of using the public rights-of-way. The IMF rate varies based on the number of kilowatt-hours delivered. Authorization: Municipal Code 3-54-030.

Electricity Use Tax: A tax imposed on the privilege of using or consuming electricity purchased at retail and used or consumed within the City of Chicago. The tax rate varies based on the number of kilowatt-hours used or consumed. Authorization: Municipal Code 3-53-020.

Emergency Communication Surcharge: A surcharge imposed on all billed subscribers of telecommunications services within the City of Chicago for the purpose of funding a portion of the maintenance and operation of the City's emergency 911 system. The surcharge is \$5.00 per month for each network connection and wireless number, and a 9.0 percent tax on pre-paid wireless service. Authorization: Municipal Code 3-64-030, 7-50-020, and 7-51-030.

Enterprise Funds: Funds established to account for acquisition, operation, and maintenance of government services such as water, sewer, and the airports. These funds are self-supporting in that they derive revenue from user charges.

Equalized Assessed Value ("EAV"): The equalized assessed value of real property is the result of applying a State equalization factor to the assessed value of a parcel of property. The State equalization factor is used to bring all property in Illinois to a uniform level of assessment.

Fines, Forfeitures, and Penalties: Fines and any associated penalties levied for violations of the Municipal Code. The primary source of this type of revenue is from parking tickets. Also included in this category are red-light and automated speed enforcement fines, moving violations, booting-related fees, sanitation code violations, and housing court fines.

Foreign Fire Insurance Tax: A tax imposed on any business not incorporated in the State of Illinois that is engaged in selling fire insurance in the City of Chicago. The tax is paid for the maintenance, use, and benefit of the Chicago Fire Department. The tax rate is 2.0 percent of the gross receipts received for premiums. Authorization: Municipal Code 4-308-020.

Fiscal Year ("FY"): The City's fiscal year aligns with the calendar year.

GAAP: Generally Accepted Accounting Principles.

Garbage Fee: Chicago residences receiving City-provided garbage collection services are charged a \$9.50 monthly fee per dwelling unit. City-provided garbage collection services are provided to single family homes and multi-family buildings with four units or fewer. Authorization: Municipal Code 7-28-235.

Parking Garage Tax: A tax imposed on the privilege of parking a motor vehicle in any commercial parking lot or garage in the City of Chicago. The tax rate is currently 22.0 percent for all monthly, weekly and daily parking and is 20.0 percent for daily parking on the weekends. Authorization: Municipal Code 4-236-020.

Ground Transportation Tax: A tax imposed on the provision of hired ground transportation to passengers in the City of Chicago. The tax rate is \$98 per month on medallion licensees and \$22 per month Accessibility Fund payment on medallion licensees. There is a \$3.50 per day charge for each non-taxicab vehicle with a seating capacity of 10 or fewer passengers, \$6 per day for each non-taxicab vehicle with a seating capacity of 11 to 24 passengers, \$9 per day for each non-taxicab vehicle with a capacity of more than 24 passengers. Transportation network provider vehicles are charged \$0.55 per trip for trips that begin or end in Chicago in 2018, and \$0.10 per trip Accessibility Fund payment for trips that begin or end in Chicago. Beginning in 2019, transportation network provider vehicles will be charged \$0.60 per trip for trips that begin or end in Chicago, and \$0.10 per trip Accessibility Fund payment for trips that begin or end in Chicago. Additionally, a \$5.00 per trip surcharge on all transportation network provider vehicles for airport, Navy Pier, and McCormick Place pick-up and drop-off. Lastly, the City charges \$1.00 per day for pedicabs for each day in service. Authorization: Municipal Code 3-46-030.

Home Rule Municipal Retailers' Occupation Tax: A tax imposed on the activity of selling tangible personal property other than property titled or registered with the State of Illinois that is sold at retail in the City of Chicago. The tax rate is 1.25 percent of the gross receipts from such sales. Grocery food and prescription and nonprescription medicines are generally exempt from the tax. Authorization: Municipal Code 3-40-10 and 3-40-20.

Hotel Accommodations Tax: A 4.5 percent tax imposed on the rental or lease of hotel accommodations in the City of