

RULES



OFFICE OF THE MAYOR
CITY OF CHICAGO

BRANDON JOHNSON
MAYOR

September 14, 2023

TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

I transmit herewith, together with Aldermen Hadden, Ramirez-Rosa and Martin, a resolution seeking approval of a referendum question regarding the City's real estate transfer tax.

Your favorable consideration of this resolution will be appreciated.

Very truly yours,

A handwritten signature in blue ink, appearing to be "BJ", followed by a horizontal line.

Mayor

R E S O L U T I O N

WHEREAS, the City of Chicago is a home rule unit under Article VII of the Constitution of the State of Illinois; and

WHEREAS, pursuant to Section 8-3-19 of the Illinois Municipal Code, 65 ILCS 5/8-3-19, a home rule municipality may impose or increase a tax or fee on the privilege of transferring title to real estate, on the privilege of transferring a beneficial interest in real property, and on the privilege of transferring a controlling interest in a real estate entity, with prior referendum approval; and

WHEREAS, the City of Chicago currently imposes a real estate transfer tax rate of \$3.75 for every \$500 of transfer price, or fraction thereof, the primary incidence of which is on the buyer, pursuant to Section 3-33-030(A) of the Municipal Code of Chicago ("Code") (the "City Portion"); and

WHEREAS, a supplemental tax at the rate of \$1.50 per \$500 of the transfer price, or fraction thereof, is imposed pursuant to Section 3-33-030(F) of the Code for the purpose of providing financial assistance to the Chicago Transit Authority (the "CTA Portion"); and

WHEREAS, the City seeks to change the City Portion of the real estate transfer tax by decreasing the current rate of \$3.75 for every \$500 of the transfer price, or fraction thereof, to \$3 for every \$500 of the transfer price, or fraction thereof, for that part of the transfer price under \$1,000,000, and increasing the rate to \$10 for every \$500 of the transfer price, or fraction thereof, for that part of the transfer price between \$1,000,000 and \$1,500,000 (inclusive) and to \$15 for every \$500 of the transfer price, or fraction thereof, for that part of the transfer price exceeding \$1,500,000; and

WHEREAS, the change would concern only the City Portion of the tax, and there would be no change to the rate of the CTA Portion of the tax; and

WHEREAS, the additional revenue over the amount generated from the current rate shall be deposited in a fund to be dedicated to combating homelessness, including providing permanent affordable housing and the services necessary to obtain and maintain permanent housing; and

WHEREAS, the City Council of the City of Chicago hereby finds it in the best interest of the City to impose such a change to the real estate transfer tax to address the City's significant problem with homelessness; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The foregoing recitals are incorporated herein by reference.

SECTION 2. In accordance with Section 8-3-19 of the Illinois Municipal Code, 65 ILCS 5/8-3-19, the City Council of the City of Chicago hereby initiates and authorizes the following public question to be submitted to the voters of the entire City of Chicago at the regularly scheduled general primary election next occurring after the effective date of this resolution on March 19, 2024:

Shall the City of Chicago impose:

- (1) a real estate transfer tax decrease of 20% to establish a new transfer tax rate of \$3 for every \$500 of the transfer price, or fraction thereof, for that part of the transfer price under \$1,000,000 to be paid by the buyer of the real estate transferred unless the buyer is exempt from the tax solely by operation of state law, in which case the tax is to be paid by the seller; AND
- (2) a real estate transfer tax increase of 166.67% to establish a new transfer tax rate of \$10 for every \$500 of the transfer price or fraction thereof, for that part of the transfer price between \$1,000,000 and \$1,500,000 (inclusive) to be paid by the buyer of the real estate transferred unless the buyer is exempt from the tax solely by operation of state law, in which case the tax is to be paid by the seller; AND
- (3) a real estate transfer tax increase of 300% to establish a new transfer tax rate of \$15 for every \$500 of the transfer price, or fraction thereof, for that part of the transfer price exceeding \$1,500,000 to be paid by the buyer of the real estate transferred unless the buyer is exempt from the tax solely by operation of state law, in which case the tax is to be paid by the seller?

The current rate of the real estate transfer tax is \$3.75 per \$500 of the entire transfer price, or fraction thereof, and the revenue is used for general corporate purposes. The revenue from the increase (the difference between revenue generated under the increased rate and the current rate) is to be used for the purpose of addressing homelessness, including providing permanent affordable housing and the services necessary to obtain and maintain permanent housing in the City of Chicago.

Yes

No

SECTION 3. The City Clerk of the City of Chicago shall certify the public question referenced herein to the Chicago Board of Election Commissioners in accordance with Article 28 of the Election Code.

SECTION 4. This resolution shall be in full force and effect upon its passage.