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## **Chicago Faces Tax Increase, Rise in Fees.**

CHICAGO — Mayor Rahm Emanuel is proposing a historic property tax increase, while expanding fees on trash collection and taxi rides under a plan to confront a growing fiscal crisis in the nation's third largest city.

The proposal comes months into the second term of Mr. Emanuel, a former congressman and chief of staff to President Barack Obama, as he runs out of options to address ballooning pension costs that are coming due.

During his first term, the mayor focused on trying to gain concessions from city workers and retirees, but was stymied by the courts and organized labor.

Mr. Emanuel's plan would raise an additional \$544 million from property taxes alone phased in over four years under what is being described as the largest tax rise in city history. He also proposes raising additional revenue by taxing e-cigarettes, expanding fees on garbage pickup, and adding fees on taxi and ride-sharing services.

"As we continue to grow our economy, create jobs and attract families and business to Chicago, our fiscal challenges are blocking our path," Mr. Emanuel said in a statement.

Details of the proposal were released by the Emanuel administration Monday ahead of his budget address to the city council on Tuesday.

Parts of the plan leaked in recent weeks have faced pushback from some aldermen and public rebuke at hearings. Many have voiced concerns about the cost to working families.

"We must ask the very wealthy and big corporations to pay their fair share in taxes so we can finally fix our structural deficit and get on track to fiscal sanity," said Alderman Leslie Hairston, who is among the council members pushing for tax rebates for working families and changes in how commercial buildings are taxed.

The Emanuel administration said it would seek changes in state law to protect those who own homes valued at \$250,000 or less from the brunt of the tax increase.

The proposal comes as Mr. Emanuel looks to keep Chicago from becoming an increasing outlier among U.S. cities. The Midwest hub faces many of the challenges that other aging cities are experiencing, from population declines to crumbling infrastructure.

But sharply rising municipal pension costs and mounting state fiscal problems have helped set Chicago apart. Moody's Investors Service dropped the city's credit rating to junk earlier this year.

Mr. Emanuel's proposal includes cost savings from eliminating vacant positions to redesigning how streets are swept, but largely relies on new revenue to confront its fiscal problems.

The property-tax boost would go to pay for a \$550 million increase in pension costs for police

officers and firefighters required by the state to ensure their retirement systems remain solvent. The Emanuel administration is lobbying the state to allow the hike to be phased in over time, matching the property-tax-increase schedule.

Administration officials said the mayor has few options.

During his first term, Mr. Emanuel had focused on reaching agreements with city workers to lower pension expenses by reducing cost of living increases and requiring current employee to increase their contributions. But a court ruling in July derailed such efforts, saying the city couldn't change already promised retirement benefits.

Monday's proposal is separate from the Chicago school district's budget, which isn't funded through the school year and is counting on help from the state.

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By MARK PETERS

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Write to Mark Peters at [mark.peters@wsj.com](mailto:mark.peters@wsj.com)

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