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Chicago Mayor Plans Tax Hikes, Layoffs to Fill \$1.2B Budget Hole.

Mayor Lori Lightfoot's plan includes raising property, gas taxes

Chicago approaches 600 homicides already in 2020; insight from Chicago Alderman Raymond Lopez on what leaders can do to stop the violence.

Chicago Mayor Lori Lightfoot on Wednesday evening unveiled her plan to fill the city's \$1.2 billion budget deficit, the largest in its history.

The \$12.8 billion plan includes a number of tax increases and cost savings to help fill the hole in the city's budget that was exacerbated by the COVID-19 pandemic.

"Chicago's 2021 Budget represents our city's roadmap toward an inclusive and fiscally responsible recovery from the extensive challenges of the unprecedented COVID-19 crisis," Lightfoot said in a statement.

Lightfoot's plan includes raising \$94 million through property tax hikes, in addition to increasing the gas tax by 3 cents per gallon and the cloud-computing tax by 1.75 percentage points. Also included is an annual property tax increase that is tied to the consumer price index.

More than \$537 million in savings are identified, including \$106 million through layoffs, furloughs and the elimination of unfilled jobs. At least 350 workers are expected to lose their jobs beginning in March 2021.

Lightfoot's plan also calls for the city to refinance \$501 million in debt to take advantage of historically low interest rates.

Other revenue sources include \$76 million of tax increment finance surplus funding and \$30 million from the city's rainy day fund.

The budget provides \$18.6 million in new investments, including an additional \$5.25 million for community-based violence prevention and reduction efforts. Chicago homicides are up 53% so far this year versus last year, according to the Chicago Police Department.

Further community investments include \$1.7 million for youth programming, \$2 million for affordable housing and \$7 million to support workforce training.

Lightfoot's budget proposal comes as Chicago's economy has shrunk 10% as a result of the COVID-19 pandemic.

The sharp drop in economic activity came as the city was just starting to get its fiscal house in order. Lightfoot last year identified more than \$500 million in structural solutions, the most since 2012, to fill the city's then-record \$838 million gap.

By Jonathan Garber | Fox News

October 22

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