

June 9, 2010
Ald. Roberto Maldonado, 26th Ward
Finance Committee
Referendum Imposing Real Estate Transfer Tax on Banks
and Other Mortgage-Related Entities

R E S O L U T I O N

WHEREAS, Pursuant to its home rule authority, the City of Chicago enacted the Chicago Real Property Transfer Tax Ordinance, which imposes a tax upon the privilege of transferring title to, or beneficial interest in, real property located within the City; and

WHEREAS, Section 3-33-060(M) of the ordinance provides an exemption from payment of the tax for transfers in which the deed or other instrument of transfer is issued to the mortgagee or secured creditor pursuant to a mortgage or security interest foreclosure proceeding or sale or pursuant to a transfer in lieu of foreclosure; and

WHEREAS, According to the Woodstock Institute, despite the fact that many of the City's communities were already hard hit by the foreclosure crisis, new foreclosure filings for properties located in the City increased more than 10% from 2008 to 2009, with 22,685 properties having new foreclosure filings. For those communities with at least 50 foreclosure filings in 2009, Lincoln Park, Uptown and the East Side saw the largest increase; and

WHEREAS, If the real estate transfers that involved transfers as a result of foreclosures, or in lieu of foreclosures, were subject to the transfer tax, the transactions would have raised much-needed revenue for the City and enabled the City to provide more essential services, such as police and fire protection; and

WHEREAS, Those entities which are best able to pay the real property transfer tax should share in the responsibility to provide the resources for the protection of the health and welfare of the people; and

WHEREAS, In light of the above, the City Council is desirous of eliminating the exemption found in section 3-33-060(M) for transfers as a result of foreclosures; and

WHEREAS, Pursuant to the requirements of the Illinois Municipal Code (65 ILCS 5/8-3-19), which preempts home rule powers, in order to repeal the exemption for transfers as a result of foreclosures, the City must follow certain procedures, including the introduction of a resolution calling for a referendum to make such a change, then give notice and hold a public hearing prior to adoption of the resolution, adopt the resolution, and then certify the resolution

and proposition to the proper election officials in accordance with the general election law for decision by the voters; and

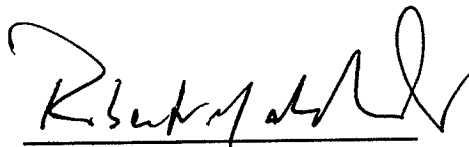
WHEREAS, *In an effort to make the law more equitable and to raise additional funds for the City and the Chicago Transit Authority, the voters are being asked if they approve of a proposal which would impose the same requirements on banks and other mortgage-related entities, as is currently imposed on homeowners, to pay real property transfer taxes on properties they acquire through foreclosure related transactions. To achieve this change, the City Council is calling for a referendum to submit the following proposition to the voters:*

Shall the City of Chicago impose a real estate transfer tax by repealing the exemption for the transfer of real estate transfers in which the deed or other instrument of transfer is issued to the mortgagee or secured creditor pursuant to a mortgage or security interest foreclosure proceeding or sale or pursuant to a transfer in lieu of foreclosure at a rate of \$3.75 per \$500.00 of the transfer price, or fraction thereof, plus a supplemental tax at the rate of \$1.50 per \$500.00 of the transfer price, or fraction thereof, to be paid by the mortgagee or secured creditor of the real estate transferred, with the revenue of the proposed transfer tax to be used for the general operations of the City of Chicago, and with the revenue of the proposed supplemental tax to be used to provide financial assistance to the Chicago Transit Authority; and

WHEREAS, The City Council believes it is in the best interest of the residents of Chicago to move expeditiously as possible to submit this proposition to the voters; now, therefore,

BE IT RESOLVED, That we, the Mayor and the Members of the City Council of Chicago assembled this ninth day of June, 2010, do hereby call for a referendum to present the proposition to the voters on whether to eliminate the exemption from the real property transfer tax for transfers as a result of foreclosures, and request that the Committee on Finance hold a public hearing in accordance with the requirements of the Illinois Municipal Code, 65 ILCS 5/8-3-19, and, after which, if the resolution is adopted, the City Clerk certify the resolution and proposition to the Chicago Board of Elections, in accordance with the Illinois Election Code; and

BE IT FURTHER RESOLVED, That a copy of this resolution be sent to the Committee on Finance for the purpose of calling a public hearing.



Alderman Roberto Maldonado
26th Ward

Document No. PR2010- 46

REFERRED TO COMMITTEE ON
FINANCE
JUN - 9 2010
Miguel del Valle
City Clerk City of Chicago