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COMMITTEE CHAIRMAN
ECONOMIC, CAPITAL, AND TECHNOLOGY DEVELOPMENT
COMMITTEE VICE CHAIRMAN
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COMMITTEE MEMBERSHIPS
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BUDGET AND GOVERNMENT OPERATIONS
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LICENSE AND CONSUMER PROTECTION
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WORKFORCE DEVELOPMENT
.....
AVIATION
.....
FINANCE

MONTHLY REPORT — June 2020

Pursuant to Rule 45 of the City Council Rules of Order, the **Committee on Economic, Capital and Technology Development** submits the following **Monthly Report for June 2020**.

Committee Meeting Held on June 12, 2020

In compliance with Governor Pritzker's Executive Orders 2020-7, 2020-10, and 2020-18, attendance at this meeting was held by remote means only.

Chairman Villegas called the meeting to order at 11:07 AM. Chairman Villegas noted that due to the remote format of the meeting, public comment would be held at the beginning of the meeting.

After it was determined that a quorum was not present, Chairman Villegas called for a recess at 11:10 AM. The Committee reconvened at 11:13 AM after quorum had been established.

Item 1:

Chairman Villegas requested a motion to approve the Rule 45 Monthly Report of the Chicago City Council Committee on Economic, Capital and Technology Development for the month of March 2020.

Alderman Reilly motioned to approve the Rule 45 report. The motion passed unanimously via voice vote. Alderman Reilly was added to the roll call, thereby establishing quorum.

Public Comment:

Nobody signed up for public comment.

Item 2:

The following items were voted on collectively:

A2020-51 Appointment of Robbie Tina Sanders as member of Special Service Area No. 45, 103rd Halsted Commission;

A2020-52 Appointment of Moe Taleb as member of Special Service Area No. 28, Six Corners Commission; and

A2020-53 Reappointment of Joseph M. Hall as member of Special Service Area No. 33, Wicker Park and Bucktown Commission;

- *Chairman Villegas asked if any of the appointees would like to make a statement.*
- *Moe Taleb thanked the committee and Alderman Gardiner for his appointment*
- *Chairman Villegas requested a motion to recommend passage of the items.*
- *Alderman Hadden motioned to recommend passage of the appointments and reappointments. The motion was approved unanimously by the same roll call used to establish quorum*
- *Chairman Villegas thanked the newly appointed commissioners.*

Chairman Villegas lost his connection at 11:17, as noted by tech support, regaining his connection at 11:19.

Item 3:

R2020-353 Call for hearing(s) to establish framework and criteria for revoking tax incentive in accordance with Cook County Tax Incentive Ordinance

- *Chairman Villegas requested a motion to recommend passage.*
- *Alderman Hadden motioned to recommend passage of the appointments and reappointments. The motion was approved unanimously by the same roll call used to establish quorum*
- *Chairman Villegas noted that the hearings would begin at that point.*
- *Chairman Villegas ceded the floor to Alderman Rodriguez.*
- *Alderman Rodriguez thanked the Chairman for convening the hearings. He made a statement about restorative justice and environmental justice, the impetus of his resolution. He summarized the authority provided by the Cook County ordinance allowing the City to revoke a tax incentive.*
- *Alderman Rodriguez read a letter provided by Congressman Jesus “Chuy” Garcia supporting revocation of tax incentives for bad actors. Encouraging the City Council to pass legislation to establish a process to rescind tax incentives prioritizing the following:*
 - *Equitable and local hiring;*
 - *Compliance with environmental regulations;*
 - *Effect on air, water, and soil quality in the proximity of residences, schools, and public parks; and*
 - *Contributions to economic development impact on local entrepreneurs.*
- *Alderman Rodriguez read a letter from Cook County Commissioner Alma Anaya supporting the revocation of tax incentives. She noted the recent failed implosion by Hilco Development in the area she represents. She urged the any forthcoming legislation to considering the following items:*
 - *Stronger consideration for social justice, public health, and environment while approving or extending credits;*
 - *Establish a process whereby the Office of the Cook County Assessor is notified of the violations so that measures may be taken for possible revocation;*
 - *Stronger consideration of the developer’s plan for transparency with the surrounding communities and government bodies when approving, extending, or revoking credits; and*
 - *Strengthen measures to hold developers accountable*
- *Chairman Villegas asked Justin Heath to read a letter provided by Cook County Commissioner Brandon Johnson supporting revocation of tax incentives.*

- *Chairman Villegas noted that written comments submitted to the committee by Victoria Cervantes, Fanny Alvarez, and Esmeralda Hernandez would be entered into the record.*
- *Veda Britt-Handy, Legal Counsel to the Cook County Bureau of Economic Development, spoke in support of the City establishing a procedure for revoking tax incentives. She specified that the legislation set forth at the County level was not exhaustive and that it was meant to allow municipalities to establish their own sets of requirements.*
- *Chairman Villegas noted that questions would be held until all witnesses had provided a statement.*
- *Tatia Gibbons, Chief Legal Counsel for the Cook County Assessor's Office, was present for questions. She noted Dan Madden would provide a statement on behalf of their office.*
- *Dan Madden, Director of Legal for the Cook County Assessor's Office, explained that a legal framework was necessary at the municipal level for the revocation of tax incentives. Which was authorized when the Cook County Board passed Section 74-73 (b)(3) of the Cook County Code of Ordinances. The Assessor's Office's role is administrative in nature. He noted that the process had been a success and encouraged the City of Chicago to make a formal, well-defined process to establish a process for revocation.*
- *Chairman Villegas noted that Tim Jeffries, from the Department of Planning and Development (DPD), Scott Fehlan and Keith May, both from the Department of Law, were at the hearing to provide statements and answer questions from committee members.*
- *Tim Jeffries, Deputy Commissioner of the Financial Incentives Division of the Department of Planning and Development, provided a statement on behalf of himself, Scott Fehlan, and Keith May. He welcomed the invitation to speak about DPD's efforts to support policies for revocation of tax incentives. DPD noted best practices, issues, and recommendations identified by the Department. Program issues and considerations included:*
 - *Compliance Standards and enforcement mechanisms are limited, so accountability is minimal;*
 - *Program requirements are broad and can vary between incentive types;*
 - *Lack of defined standards have resulted in inconsistent evaluation of applications; and*
 - *Program awareness is low and applicant expectations aren't well communicated.*
- *Greg LeRoy, Executive Director of Good Jobs First, spoke of existing processes across the for revocation of tax incentives. He also stated he was not aware of any economic drawbacks to companies as a result of such legislation.*
- *Chairman Villegas noted that the City of Chicago has not had the ability to hold companies receiving tax incentives accountable. There hasn't been monitoring or reporting to the Committee on Economic, Capital and Technology Development to determine how recipients of tax incentives are complying during the incentive period. He noted that the legislation he wanted to introduce would codify all the aforementioned points.*
- *Chairman Villegas opened the floor to questions.*
- *Alderman Rodriguez asked Ms Britt-Handy if she was present during the 2015 creation of the ordinance and the subsequent amendment in 2017 and if she was involved in those processes.*
- *Ms Britt-Handy responded that she was involved.*
- *Alderman Rodriguez asked what other entities were involved in the process.*
- *Ms Britt-Handy responded that representatives from the City of Chicago, other municipalities located within Cook County, and several other entities, of which she could not recall all, were present.*
- *Alderman Rodriguez asked what she considered to be the boundaries for municipal revocation.*

- *Ms Britt-Handy responded that the municipalities were free to develop their own processes for revocation.*
- *Alderman Rodriguez asked what the responsibility of the County was once the municipality passed an ordinance or resolution to revoke the tax incentive.*
- *Ms Britt-Handy that the County would examine the resolution and hold its own hearings.*
- *Alderman Rodriguez asked Ms Britt-Handy's opinion about comments made by Michael Jasso's statement on revocation during the County's amendment in 2017.*
- *Ms Britt-Handy responded she agreed that the County was not responsible for providing an exhaustive list and that each municipality should develop its own standards.*
- *Alderman Rodriguez asked if the tax incentive was granted, with environmental remediation as part of the agreement, would the City have cause to revoke the tax incentive.*
- *Ms Britt-Handy responded that it would be up to the municipality to provide a clear reason for asking the County to revoke the tax incentive.*
- *Alderman Rodriguez asked if Ms Britt-Handy believed there was any legal standing for cities not to seek revocation.*
- *Ms Britt-Handy responded that she was not in a position to opine as to legal restrictions, adding that such a question would have to be passed on to the State's Attorney to provide a legal opinion on behalf of the County.*
- *Alderman rephrased his question, asking if there were currently any stated reasons by which the County would not affirm a municipality's revocation.*
- *Ms Britt-Handy responded that there were no stated reasons.*
- *Chairman Villegas made note that Alderman O'Shea had requested that he be added to the quorum.*
- *Alderman Rodriguez asked the Assessor's Office about their process for revocation once a municipality has passed legislation to revoke a tax incentive.*
- *Mr. Madden responded that the revocation was presented to the County Board, adding that the Assessor's role would be advisory at best.*
- *Alderman Rodriguez asked DPD how long they had been working on the issue and what criteria they have considered for revocation.*
- *Mr Jeffries responded that DPD has been working on the issue for the last six months. In terms of the basis for revocation, project-based information that was relied upon as the basis for support. Adding that many of the issues that had been discussed today were part of the discussions.*
- *Alderman Rodriguez asked Mr LeRoy to describe some of the best practices around the country regarding holding developers accountable.*
- *Mr LeRoy responded that in the study his organization conducted, they rated over 250 major state programs, finding that about 90% were protected by clawback provisions or structured as performance based.*
- *Alderman Rodriguez asked Mr LeRoy to expand on his comments regarding Amazon locating in specific types of communities.*
- *Mr LeRoy responded that the warehouses were located next to highways, not far from affluent zip codes, and dense populations.*
- *Alderman Rodriguez asked if breaking environmental laws had negative economic impacts on communities.*
- *Mr LeRoy responded that they did. He stated that brown fields and pollution histories are negatives.*
- *Alderman Sawyer asked if in the absence of language in the City Code, could the revocation be done through ordinance or resolution.*

- *Ms Gibbons responded that the current provision in the Cook County's Code provides the mechanism for the ordinance by the County Board at the request of the municipality through resolution or ordinance. The municipality would provide the ordinance or resolution to the Cook County Board of the Bureau of Economic Development, who would look into it, then the Cook County Board would act on it. The other manner is a two-step process by which the municipality would provide an ordinance or resolution to the Cook County Assessor for that revocation or suspension. The Assessor's Office would then see if the evidence meets the standards for the incentive.*
- *Alderman Rodriguez thanked the Committee and witnesses for allowing these hearings.*

All business being concluded, Chairman Villegas asked for a motion to adjourn. Alderman Reilly motioned to adjourn, with all members voting in favor. Chairman Villegas adjourned the meeting at 12:14 PM.

The members of the Committee on Economic, Capital and Technology Development in attendance included: Alderman Villegas (36), Mitchell (7), Sawyer (6), Harris (8), O'Shea (19), Tabares (23), Reboyras (30), Vasquez (40), Reilly (42), Tunney (44), Hadden (49)

Members of the City Council not on the Committee in attendance included: Alderman Rodriguez (22)

Respectfully submitted by:
Carlos Díaz
For the Committee on Economic, Capital and Technology Development