

CHICAGO IS NOT BROKE

A black silhouette of the Chicago skyline is positioned at the bottom of the page, behind the main text. The skyline includes several prominent skyscrapers. A decorative pattern of small red dots is scattered across the left side of the image, partially overlapping the skyline and the word 'BROKE'.

Funding the City We Deserve



ORGANIZED & EDITED BY TOM TRESSER

NEW SECTION ADDED –

**2024 UPDATES ON ALL
REVENUE SOLUTIONS!**



The “Chicago Is Not Broke” Book Project (www.wearenotbroke.org) is an outgrowth of the civic research and community organizing done through the TIF Illumination Project (www.tifreports.com). The TIF Illumination Project has been combining data mining, investigatory reporting, map making, graphic design and community meetings to explore and expose the impacts of Tax Increment Financing districts on a community-by-community basis. Since its launch in early 2013 we have been invited to present at 225 public meetings throughout Chicagoland in front of over 15,000 people. The TIF work was created and housed for two years at the CivicLab (www.civiclab.us), which was America’s only co-working space dedicated to collaboration, education and innovation for civic engagement and social justice. The CivicLab, co-founded by Benjamin Sugar and Tom Tresser, was located in Chicago’s West Loop. It closed on June 30, 2015. The CivicLab is a Black-led 501 c 3 nonprofit “do tank” for social justice and civic engagement.

Dedication: This book, and every good thing I do, is because of Merle Green Tresser. And thanks to Sandy Ross for bringing us together.

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“Chicago Is Not Broke” Book – Eight Years Later

July 2024 marks the eighth anniversary of the publication of [“Chicago Is Not Broke. Funding the City We Deserve.”](#) Despite the fact that no major Chicago media outlet has reviewed the book, we still managed to sell over 3,200 copies. You can get a hard copy of the book via Lulu or Ingram or you can read it online via Issuu (www.wearenotbroke.org). I believe it has had a significant impact on Chicago’s civic eco-system and I feel it has expanded the collective civic imagination of our city. I know that thousands and thousands of our neighbors can no longer be chumped and stumped by dishonest leaders who snuff out their civic aspirations by claiming that Chicago has no money to make those aspirations happen.

I organized, edited, and published the book in July of 2016 after doing dozens of town meetings on Tax Increment Financing Districts (TIFs) called TIF Illuminations. These forums started in February of 2013 with TIF Town Hall at the Chopin Theatre attended by some 230 people. At that meeting I explained how TIFs work and distributed a graphic handout revealing, for the first time, the details of all the TIFs of the 27th Ward (see <https://tifreports.com/tip-turns-ten>).

I told the attendees that if they found the information and insights useful, that should invite us to come to their community and we would deliver a similar sort of meeting – giving all the information on the TIFs of their ward. I had no idea if anyone would take me up on the offer.

After around the 40th meeting, there was a familiar pattern of response. Attendees were astonished at the information revealed at these forums – notably, the details of the vast amounts of property taxes removed from public use by the

TIFs of their community and the staggering amount of money sitting in TIF accounts at the end of the year (always over \$1 billion, and, at the end of 2022 - \$2.5 billion!). The Number One question I was asked was “How can Chicago be broke?” I pulled together a team of civic experts to answer that question. Each author had researched, written, and organized extensively around some aspect of Chicago civic life. I asked them to summarize their work and place a dollar amount on the problem or solution they were expert on. The answer was, and remains, Chicago is SO not broke.

As of this writing, I have answered the call from community groups to deliver over 225 public Illuminations and over 50 open enrollment workshops on civic finance. Over 15,000 people attended these events. Over 280,000 people have viewed my presentations online (www.slideshare.net/tomtee). I have been asked to help activists from 20 cities to help them understand and organize around economic justice issues centering on TIFs that have been pushed aggressively in their communities (see www.tifreports.com/tif-organizing-services).

All this done with no office, staff, or budget.

I am returning to “Chicago Is Not Broke” because I have retired from the CivicLab and the world of struggling nonprofit organizations. To keep up with my work and research, please subscribe to my “CivicNotes” email newsletter at <https://tresser.substack.com>. I have a book on the No Games Chicago campaign from 2009 coming out from Routledge Press, “No Games Chicago – How a Small Group of Citizens Derailed the City’s 2016 Olympic Bid” (see www.nogameschicagobook.com). All this work is connected.

I wanted to update and add to the insights from “Chicago Is Not Broke” as a coda to my work at the CivicLab. I will

offer two kinds of updates. First, I will revisit the core revenue solutions laid out in the book. What has happened in each of those policy areas? Second, I will offer new revenue solutions that were not in the original book.

ORIGINAL REVENUE SOLUTIONS

1. Eliminating Public Corruption – Well, Chicago really has not made a lot of progress here. Since 2016 a slew of politicians have been arrested, indicted, tried, and convicted of fraud and corruption. Most notable have been Alderman Patrick Daley Thompson, Mayor Richard J. Daley's grandson; and Aldermen Carrie Austin and Ed Burke. These last two leaders are notable because – had Chicago been awarded the 2016 Summer Olympics – they would have been in charge of all city connections and financing connected to delivering and operating the Games. That sad story (and much more) is told in my book (available September 2024).

The University of Illinois at Chicago continues to publish its Anti-Corruption Reports started by Professor Dick Simpson (who has retired) at <https://pols.uic.edu/chicago-politics/anti-corruption-reports>. Chicago and Illinois continue to lead the nation in public corruption.³⁶ Chicago Aldermen have been convicted or pled guilty to corruption charges since 1970. Former Speaker Michael Madigan, arguably the most powerful and long-lasting politician in Illinois, resigned from office in February of 2021. He was indicted on federal racketeering charges in March of 2022. His troubles stem from bribery incidents revolving around the utility Commonwealth Edison, which has taken down a number of prominent elected and political figures (see <https://graphics.suntimes.com/2023/comed-timeline>). Since our pay to play political culture has in no way diminished, we can add other civic harms done to the body politic in this bucket. As we head into the last half of 2024 we have

three billionaire sports team owning families all angling for public subsidies to construct three new stadiums. There is no solid estimate for the total hit the public would take if they all got their way – but it is in the vicinity of \$4 to \$6 billion. I spent an hour reviewing the campaign contributions from just one part of one of these families – White Sox owner Jerry Reinsdorf and his son, Michael. From 1994 through 2024 they made 147 contributions totaling \$507,527 to local politicians. One can only wonder at how much other principals in the Reinsdorf world have given, let alone members of the other two families – the McCaskeys and the Ricketts. With so much money flowing to local electeds, the deck is stacked against the people, and we are going to have to organize and fight this billionaire fueled raid on the public treasury.

Continued Chicago annual loss from corruption: \$500 million. Total loss since publication: \$4 billion.

2. Unwinding Bad Deals – Chicago has a long history of debt and doing dubious bank deals. The book focuses on just one rotten deal for the city, known as Toxic Swaps. According to the Acre Action Center of Race & the Economy, that particular deal, done by the Chicago Board of Education under the leadership of Paul Vallas and David Vitale, cost us \$161 million.¹ The report also details a series of terrible bond deals done by the same team that has socked us with over \$1.5 billion in interest fees. Perhaps the worst deal done in Chicago's history is the 75 year lease of our parking meters to Morgan-Stanley and the oil sheikdom of Abu Dhabi. We got \$1.1 billion in up-front cash back in 2008 and the financiers then went to the capital market to pay us and then jacked up the meter rates 500%, put them all over the city in places they had never been, and extended their hours. In 2023 the investors recouped their investment plus \$500 million and still have 60 years left on their lease.² The public interest

law firm headed by Clinton Krislov has sued the city over this terrible deal³ but received no support from the city's legal department or any other public official.

There are too many bank deals for me to unpack – it is a fact that the city and the Board of Education have taken out short-term loans at ridiculously high interest rates. The result of all these deals – especially the Meter Deal – is exactly like going to the payday loan store and paying for very expensive debt.

Continued Chicago annual loss from bad deals: \$100 million. Total loss since publication: \$800 million.

3. Curbing Police Violence – Again, the report is not good. In early 2017 the United States Justice Department concluded a yearlong investigation of the Chicago Police Department. This was instigated by the murder of a Black teen, Laquan McDonald, by a police officer, Jason Van Dyke (who was convicted of 2nd degree murder and served just over three years in prison). Their report found a “pattern and practice” of racist police conduct going on here for decades resulting in ongoing civil rights violations.⁴ This resulted in a Consent Decree that is being monitored by a federal judge.⁵ There has been an Independent Monitoring Team in place since 2019 after extensive work by the Illinois Attorney General and a number of Chicago litigants and community organizations. Their ninth report on compliance show that of 555 separate items to be reformed only 41 items, or 7%, were in “full compliance.” 63 items, or 11%, were “not in compliance.”⁶ Progress in reforming Chicago's police department is creeping along at a snail's pace. One has to ask – why?

In the meantime, the bills continue to accumulate for taxpayer funded settlements of police misdeeds. According to reporting by Chicago Public Television, WTTW, Chicago taxpayers are spending between \$75 million to \$95 million

annually to settle police misconduct cases. The total spent from 2019 through 2023 was a staggering \$362.3 million!⁷ The book came out in 2016. So if we use the lower end of the annual settlement costs – at \$74 million per year – we can fill in the data for 2016, 2017, and 2018 – another \$296 million. In the book we reported the total cost of police settlements from 2004 through publication to be \$662 million. So, the running total to Chicago taxpayers for police misconduct – including acts of violence and murder – is past \$1.32 billion!

Continued Chicago annual loss from police misconduct: \$80 million. Total loss since publication: \$658 million.

4. Eliminating Tax Increment Financing Districts

This particular piece of civic financing has become an obsession for me. I started looking into Tax Increment Financing Districts (TIFs) as a result of organizing to stop Chicago's Bid for the 2016 Summer Olympics (see www.nogameschicagobook.com). In 2009 I got all 164 annual reports for Chicago's TIF system and worked with a crew of data liberationists to tally up the total amount of property taxes sitting in the accounts at the end of 2008. It was a healthy \$1.4 billion. I created the TIF Illumination Project in 2013 (www.tifreports.com) and have been reviewing all of Chicago's TIF activity annually ever since. This work has spawned over 225 public meetings and dozens of open enrollment "TIF 101" workshops. Activists and concerned neighbors from twenty cities across the USA have asked me to help them understand and organize against egregious TIF-funded projects being pushed aggressively in their communities that shower public money on developers for privately owned buildings and malls (see <https://tifreports.com/tif-organizing-services>). In all those years, no major local media outlet has sent a reporter to one of these meetings, and putting

aside a thorough interview on local public radio in 2022, no major outlet has reported on this work or its findings.

The numbers get bigger each year. In 2022, the latest year for which we have data, Chicago's 131 active TIFs removed \$960 million from public circulation. At the end of 2022 there was a record high of \$2.5 billion in property taxes sitting in Chicago's TIF accounts! If you add in Chicago's inactive TIF districts, I calculate that the TIF Program has stolen over \$11.2 billion in property taxes from 1986 through 2022!

I have not been able to find one organization in the city to join me in a campaign to educate and organize around TIFs. I have done dozens of trainings and public meetings – to over 15,000 people – and attendees are enlightened and energized. But no organization is calling for the abolition of TIFs. Not the Grassroots Collaborative or the Chicago Teachers Union.

Mayor Johnson, like the last three mayors before him, dipped into the TIF slush fund to balance his budget. In 2023 he declared a surplus of \$434 million, which delivered 24% of that total to the city for operating funds.⁸ The balance was distributed to local units of government according to the percentage allocated on our property tax bills. The Board of Education received around 56% of that surplus. Then the Mayor announced he will give \$150 million in TIF funds for converting four office towers on LaSalle Street into residential use.⁹ I find this laughable, as we have already spent over \$844 million in TIF funds to build office towers on LaSalle Street and around the Central Loop.

On another front, Mayor Johnson has gotten approval to borrow \$1.25 billion via \$250 million in bond funding over the next five years and will repay those loans from expiring TIFs that he will not renew.¹⁰ This action simply proves, yet

again, what I have been asserting for years – that TIFs constitute a giant slush fund controlled by the mayor and which can be used at the mayor’s sole discretion. I say – don’t stop with the TIFs targeted for non-renewal. Cancel them all now. You can read my arguments for abolition and sign a petition at www.endtifsnow.org.

Continued annual loss to Chicago taxpayers from the TIF Program: \$1 billion. Total loss since publication (property tax extraction from 2016 through 2022): \$4.9 billion.

5. Passing a Progressive Income Tax for Illinois

This revenue solution was the first of three we offered that was about creating NEW and progressive and sustainable funding for the city. The author noted that, if Illinois had a progressive income tax, Chicago would get a much bigger slice of that pie as Chicago is large and has many people with incomes larger than the state average.

This once in a life-time opportunity actually came before Illinois voters in 2020 in the form of a proposed constitutional amendment that appeared on the November ballot. The amendment was defeated when only 47% of voters said “yes”. The proposal needed to be approved by 60% of those voting on the referendum.¹¹

It should be noted that super-wealthy financiers and well-organized conservative operatives mounted a massive and fraudulent campaign against the Fair Tax Amendment. The media was flush with lying ads and the mailboxes of Illinoisans were stuffed with false claims that misstated the impacts of the proposed legislation.

This was a monumental failure for Illinois’ nonprofit and community-facing organizations – including all her houses of worship. These organizations should have been solidly and collaboratively backing the “Yes” vote in order to

change Illinois's regressive – and I would say – racist – form of public finance. We have an extremely regressive form of raising money to operate the state. According to the Tax Foundation, Illinois has the 44th worst situation – high state and local tax rates – at 12.9% or \$8,390 per person.¹² This situation places a premium on the use of property taxes to fund local government – including our public schools. So, the wealthier your community is, the more property tax it generates, and the wealthier your public school system is. Poor community equals a severely disadvantaged public school system with no way up or out. This is one of the reasons I rail so strongly against the use of TIFs – they exacerbate the inequity baked into Illinois and Chicago civic finance.

In 2024, 29 states had some sort of graduated or progressive income tax structure. Thirteen states like Illinois had a flat rate structure, and eight had no income tax whatsoever.¹³

There is still time for Illinois' nonprofits to organize around a campaign for this much needed reform. We ought not wait to see if Governor Pritzker, who was in favor of the amendment, will try to move it forward one more time. I hope a powerful and sustained statewide alliance can be formed to do the groundwork required to pass this amendment if it comes before the people again.

Continued annual loss to Chicago taxpayers without a graduated income tax: \$85 million (estimated increased revenue from state share sharing under a progressive income tax). Total loss since publication: \$680 million.

6. Instituting a Financial Transaction Tax on LaSalle Street Trades

This was the biggest idea in the book. Our authors proposed a one dollar per contract Financial Transaction

Tax (FTT) on all agricultural futures and futures options and \$2 per contract fee on all other futures and options offered on the three exchanges: The Chicago Mercantile Exchange, the Chicago Board of Trade, and the Chicago Board of Options Exchange. Using the volume of trades from 2013, the authors calculated such a tax would have produced \$12.6 billion – for one year!

I then proposed that Chicago capture a percentage of that revenue in proportion to its share of the state's population. In 2016 that number was 21% - so I asserted that the FTT would yield \$2.6 billion annually for the city.

The Congressional Budget Office has calculated that a 0.1% FTT, equal to \$1 per \$1,000 traded, would generate \$777 billion of new revenue over ten years. The Urban-Brookings Tax Policy Center has predicted that the top 1% of American households would pay 40% of the total amount of such a tax and that the bottom 60% would pay just over 11% of that total revenue.¹⁴

A number of countries have or have had a FTT. Hong Kong, for example, raises over 1.7% of Gross Domestic Product in revenue, which would be equal to 10% of all the federal taxation in the United States. France, Germany, India, Italy, Japan, South Korea, South Africa, Switzerland, and Taiwan have all had such taxes.¹⁵ According to a report from the Congressional Research Service from 2021, some 40 countries have or have had an FTT.¹⁶

There was a brief flair up of organizing in Illinois by a coalition called Fair Economy Illinois led by National Nurses United that led to a few public rallies and some legislative theater. But their website has long been inactive.¹⁷

Brandon Johnson included an FTT in his campaign for mayor. But Governor J. B. Pritzker is not a fan and says he would veto any such legislation that the Illinois General

Assembly might approve. "Obviously what we all want is a thriving financial services economy in the state and the city," Pritzker said. "I have not stood for a transaction tax, because I think it would be easy for those companies' servers to move out of the state. But I do know that the challenge of finding a balance between expenditures and revenue is not lost on me. I came into a difficult situation."¹⁸

I remain a strong advocate a financial transaction tax. I have done hundreds of public meetings and trainings on civic finance and I love to engage the audience in a discussion of this concept. I write the number one plus eighteen zeros and ask folks to identify that number. No one knows. I joke – "I think it's a bazillion! No, seriously, that number is one quintillion. That is the value of all the trades made at the LaSalle Street Exchanges in one year! And guess what – no tax!" I hold up a bottle of water and say – "I buy this and I pay a tax – but NO tax for the financiers, speculators, and millionaires who use the exchanges every day! Is that right?" The crowd always responds (lustily) "No – that's NOT right!"

I hope Mayor Johnson and his people take the case for an FTT to the people, ward by ward. Mayor, put your best people on this. If you can crack this nut, you will pretty much solve all of Chicago's financial issues permanently.

Continued annual loss to Chicago taxpayers without a FTT: \$2.6 billion. Total loss since publication: \$20.8 billion.

7. Creating a Public Bank for Chicago

This solution has always been my personal favorite. In the dozens and dozens of public meetings I have done around "Chicago Is Not Broke," the concept of a public bank is, perhaps, the one idea that is hardest for people to conceptualize – to appreciate. The idea that a bank can act

like a public utility and deliver valuable and essential services WITHOUT charging rapacious fees and treating people like cattle is just too hard to imagine.

But when I explain the history of the Bank of North Dakota (BND), America's only public bank, which was founded in 1919¹⁹ and continues to operate in a conservative, Republican, prairie state to this day, people's eyes light up. In 2023 the BND had \$10.1 billion in assets with \$192.7 million in net income. It returned profits to the state yielding a Return on Investment of 18.2%. Their total loan portfolio was over \$5.8 billion.²⁰

This is very important to understand. The Bank of North Dakota is a source of significantly below market credit to her people. We are talking about home loans, small business loans, farm loans, and student loans. It is MUCH cheaper to get a loan using this people's bank than it would be from, say, the Bank of America. People can get student loans directly from the BND. Other loans are obtained via other small banks and are backed up by the BND. In some way, the BND is a "banker's bank."²¹ Which is why large institutional banks have not conquered the North Dakota market. It is also why the economy of North Dakota outstrips its neighbors and other states of similar composition.

Public banking is a big idea whose time is now. There are significant movements to establish public banks in 11 states and there are local public banking groups or candidates pushing public banking in another 22 states.²² I currently serve on the National Advisory Board of the Public Banking Institute.²³

Imagine the opposition to establishing a public bank for Chicago or for Illinois. All the power of institutional banking and finance would be leveled against such a movement. The fight to defeat the Bring Chicago Home Initiative²⁴ –

which was about creating a progressive real estate transfer tax to support solutions to homelessness – showed us that Big Business will not sit idly by when the people seek to tax wealth.

I still believe in a public bank for Chicago. I know it would be hard to implement and there would have to be the same safeguards that are found in the BND to guarantee independence and freedom from corrupt and self-serving politicians.

One very critical function of such a bank would be to self-finance bonds and other sorts of municipal debt. According to Chicago's Annual Comprehensive Financial Report for 2022, we paid an astronomical \$2.8 billion in interest fees alone for debt service from 2016 through 2022.²⁵

Suppose a Chicago Public Bank could self-finance our need for bonding to build major infrastructure projects, and suppose doing so saves us just 50% of the interest we paid commercial banks? If we could have done that back in 2016, Chicago would have saved \$1.4 billion! That money could have been used to serve the public and not fatten the already bloated profits of Wall Street and local banks.

The Chicago Transit Authority has been planning on extending the Red Line to the Far South Side for about thirty or so years. Now, the project is gaining momentum and is estimated to cost \$3.6 billion.²⁶ A quick review of available documents reveals that \$1.21 billion of that total will come from bonds issued by the CTA.²⁷ If use the original author's low estimate of 30% as the cost of interest for major public constructions projects, then we will have to pony up around \$363 million in interest fees for the Red Line Extension. Applying the same estimation of a public bank saving us 50% of this cost, that would be a benefit of \$181.5 million.

Continued annual loss to Chicago taxpayers from failure to implement a public bank: \$181.5 million (Red Line Extension finance fees savings). Total loss since publication: \$1.6 billion.

NEW REVENUE SOLUTIONS

1. Chicago Housing Authority Cash Reserves

The Center for Tax and Budget Accountability has been reviewing civic finances for decades. In 2017 they updated a report that revealed that the Chicago Housing Authority (CHA) had stockpiled over \$400 million in cash reserves. This was accomplished, in part, by issuing 13,000 fewer housing vouchers per year than the Authority was funded by the Department of Housing and Urban Development to do.²⁸ If that number maintained over the years, and it was spent to serve the people, it would be a one-time bump of \$400 million. Meanwhile the CHA is letting a number of their properties sit vacant and deteriorate while the number of people without safe and reliable housing escalates. The CHA, rather, seems to be unloading public land – despite having more than 50,000 people on their waiting lists for apartments or rental assistance. In late 2023 the CHA made a deal with the billionaire owner of the Chicago Fire to lease 23 acres for a training facility for 40 years for \$30 million. This was land that was once part of the expansive ABLA Homes on the Near West Side. There has also been upset in Bronzeville and Chinatown neighborhoods over the CHA doing a deal with the Chicago Board of Education to unload part of the former Harold Ickes Homes to make room for a new high school.²⁹

2. Progressive Real Estate Tax

This is an idea that I have been playing with for quite a while but have no real data to offer. The idea is to recalibrate Cook County's property tax system, which has long been tagged as hard to understand and unfair. Many

working class people are being squeezed out of their homes as property tax rates rise as a result of gentrification. One option might be to place a lower assessment rate on homes below a certain value and increase the assessment on homes over a certain value, say \$1 million. Perhaps a special rate might be to place on super-valuable properties of say, over \$50 million in value. This might be a better solution than to introduce an income tax for the city – which has been discussed. The business press would be strongly against both ideas. People can evade the income tax by switching their permanent residence. But it would not be possible to evade a progressive real estate tax because the building can not change residence, so to speak. One safeguard might have to be implemented if this measure were to be enacted, and that is, one could not evade the tax by transferring ownership of a building to a nonprofit.

The idea of a progressive real estate tax was at the heart of the Bring Chicago Home Initiative that met defeat on the March 2024 ballot in Chicago. Dozens of community serving organization collaborated to craft and advocate for this ordinance. Dubbed the “Mansion Tax” this initiative would have “restructured the city’s real estate transfer tax (the one-time tax paid when a property is bought) so that anyone buying a property for under \$1million would pay a lesser rate (0.60% instead of 0.75%) and anyone buying a property for over \$1million and \$1million would pay a marginally higher rate (2% and 3%). All the funds from the real estate transfer tax would be dedicated toward affordable housing and supportive services to prevent homelessness.”³⁰

Such a modification would have generated an additional estimated \$100 million annually, according to the Civic Federation.³¹

Mayor Johnson was a strong supporter of this solution. The initiative was placed on the March 2024 ballot. “The referendum asked Chicagoans if they wanted to raise the city’s real estate transfer tax on high-end properties to create a revenue stream to fund homelessness programs. The measure would have raised the one-time fee paid on property sales over \$1 million while lowering it on cheaper homes and buildings.”

The initiative was vigorously fought by a coalition of real estate and business groups, along with the conservative Illinois Policy organization.³² Illinois Realtors alone committed over \$1 million to defeat the measure.³³ Bring Chicago Home failed with some 53.2 percent of voters rejecting the proposal.³⁴ The coalition that organized to create and pass this program will try again. They are determined to find a permanent and sustainable progressive source of serious revenue to address Chicago’s endemic homelessness crisis. I find this outcome particularly troublesome because Chicago’s real estate developers and connected businesses have profited handsomely from receiving direct taxpayer subsidies of close to one billion dollars from our notorious Tax Increment Financing Program (as recounted above).

I could not find a great deal of research or examples of a progressive real estate tax that would be applied across an entire city. There is one report on the efforts the city of Belo Horizonte, Brazil. This is the capital and the largest city in the state of Minas Gerais, in the southeastern part of the country. It has 2.4 million people, making it the fifth largest city in Brazil. In 2010 this city adopted a series of reforms around taxing, including a progressive real estate tax and the result was a fairer system that collected about 20% more revenue than the year before.³⁵

Two professors had this to say about a progressive property tax:

Local governments are cash-strapped. Even if Congress agrees to give them financial support, it probably won't be enough. Localities must raise revenue using the fiscal tools available to them — but without overburdening struggling households. The answer is a progressive property tax. The tax could feature rates that increase with property values, income-based tax relief or deferral of payment. Many states provide such deferrals to senior citizens and the disabled, and this could be extended to those eligible for unemployment benefits. Not only is a progressive property tax fair, but it can help stabilize household finances. Homeowners are far from being universally wealthy; more than 15 percent earn less than half of their area's median income. Since tax rates would fall with home prices during a recession, households would have more to spend on the goods and services that keep people employed. Our research shows that cutting property taxes in a recession increases spending and reduces mortgage defaults.³⁶

In 2022 Chicago collected \$1.3 billion in property taxes.³⁷ So, we might see an annual bump of as much as \$260 million if Chicago were implement a similar program.

3. Collecting Money Owed to the City

This idea should be immediately be taken up by all civic watchdogs and social justice organizations. The city simply needs to collect the fees and debts that are owed to it. A startling report was issued by The Chicago Sun-Times in late 2023 that revealed Chicago is owed a mind-boggling \$6.4 billion (accumulating from 1990)! This total includes nearly \$2.9 billion in outstanding administrative hearing debt, more than \$2.3 billion in old parking, speed, and red-

light camera tickets, and \$723 million in unpaid water bills.³⁸

There is a huge “Hold on a minute here” caution for this revenue solution. Ticketing in Chicago has strong racial overtones. So, if we discount this figure by half – owing to equity and fairness issues – that still could bring in a one time harvest of over \$3 billion!

4. Other Revenue Ideas Not Embraced By “Chicago Is Not Broke”

Two other significant sources of civic revenue have emerged since we published the book in 2016. First, marijuana and related products are now legal to sell in Illinois. In 2023 recreational cannabis sales reached a record high of over \$1.6 billion, generating \$417.6 million in sales taxes.³⁹ Some of this money may find its way back to Chicago, but the majority of this income seems to be plowed back into various state operations and programming.⁴⁰

I am in favor of legalizing and taxing drugs. In 2024 24 states plus Gaum and Washington, D.C., have legalized the sale and use of recreational marijuana.⁴¹ Like so many things in Illinois, the roll out of this money-printing initiative has been iniquitous. According to the Chicago-based Equity and Transformation organization (EAT).

Since the statewide legalization of cannabis in 2020, Illinois has failed to uphold its promises of HB 1438 to fully address cannabis-related racial disparities. EAT’s Cannabis Equity Campaign utilizes a holistic, multi-layer approach to address these disparities, knowing that the War on Drugs has conducted extensive harm to marginalized communities. The goals of this campaign are: (1)Reverse the harms created by the War on Drugs to communities of color; (2) Provide access to the

cannabis industry for people of color (POC) and address financial barriers to market entry; and (3) Invest into communities harmed by the War on Crime.⁴²

The second form of civic revenue to land in Chicago is legalized gambling. Bally's Casino has been operating in Chicago since September of 2023. By the end of 2023 the Chicago casino welcomed 349,734 people who wagered \$30.4 million (not counting food and drinks). This generated \$3.9 million in state taxes and another \$3.1 million to Chicago.⁴³

This is a form of civic revenue I do not support. I was part of a broad collation of religious leaders and social service providers back in 1994 that defeated land-based gambling for Chicago multiple times. That work landed me a "do not hire" list at City Hall – something I found out in 1997 when I contemplated applying for a job doing cultural development and community organizing for the Chicago Park District (I had been a consultant for over a year – see what I did for Doulgas Park at <https://www.tresser.com/community-arts>). When a municipality brings gambling to town as a revenue source, it is betting against its own people – for it is they who will gamble and deliver bounteous profits to the operator. Legalized gambling brings increased crime, embezzlement, addiction, mental illness problems, and increased bankruptcies.⁴⁴ It hurts local business – who can compete with free drinks and a \$5 steak dinner? These casinos, as is the case with Bally's here, are slot heavy – Bally's has 800 slot machines. The elderly love these devices and in many cities casino operators send buses to senior centers and offer incentives for folks to spend the day feeding the slots with their social security checks. Bally's permanent home on the river at Chicago Avenue is scheduled to open in 2026 and is reported to cost \$1.74 billion. It is a very bad idea whose time has come, and it

will generate new revenue for the city – but at a terrible cost.

Summary of “Chicago Is Not Broke” Revenue Solutions

Solution	Annual Savings/Annual Revenue	Total Which COULD Have Been Realized Since 2016
Eliminating corruption	\$500,000,000	\$4,000,000,000
Unwinding bad deals	\$100,000,000	\$800,000,000
Eliminating police misconduct	\$80,000,000	\$858,000,000
Abolishing TIFs	\$1,000,000,000	\$4,900,000,000
State progressive income tax	\$85,000,000	\$680,000,000
Financial Transaction Tax	\$2,600,000,000	\$20,800,000,000
Public bank for Chicago	\$181,500,000 (1 time)	\$1,600,000,000
TOTAL	\$4,546,500,000	\$33,838,000,000

What I am asserting with this summary is this. Chicago was not broke in 2016. It continues to be not broke. If all the revenue solutions in the book had been implemented, there would have been a cumulative benefit in terms of savings and new revenues of a little over \$4.6 billion annually. Over the past eight years we would have had over \$33.8 billion in new revenues to put to use for the pressing needs of the people.

Tom Tresser
June 2024

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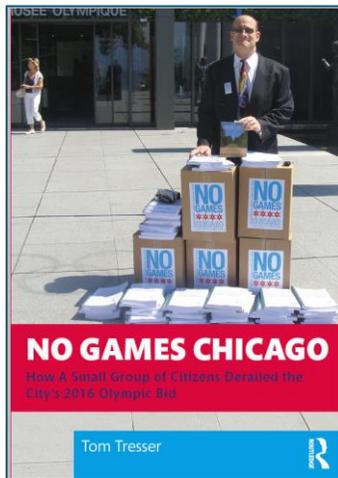
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PREFACE TO THE SECOND EDITION

February 15, 2017

Now that President Trump has taken office, we can say that Chicago is truly on its own.

As we prepare “Chicago Is Not Broke” for its second printing, it’s clear that Chicago will get no help from Washington to deal with our issues here. On the contrary, President Trump has already announced punitive measures around Sanctuary Cities and is threatening to withdraw billions in federal dollars from cities, including Chicago, that defy his immigration policies.¹ According to Open The Books, an investigatory and transparency news web site, Chicago receives over \$3 billion in federal funds annually.²

In addition to threats of federal dollar cut-offs, we may see new efforts to privatize public assets and other restrictive and repressive measures.

And as Illinois enters its second year without a budget, we see the ripple effects across the state. Social service agencies shutter, lay off staff and slash services. Our public universities totter on the brink of collapse and students and faculty leave the state for more stable and welcoming pastures.

And in Chicago, the 2017 budget was passed 48-0 with virtually no debate on November 16, 2016. The Chicago Tribune reported, “The average family will pay nearly \$1,700 more a year to the city and Chicago Public Schools than they did before the mayor took office in 2011 once all of Emanuel’s tax and fee increases take full effect. There’s been a series of property tax hikes. There was a water and sewer rate increase, plus a new tax on top of that. Not to mention a new garbage hauling fee, 911 phone tax hike, vehicle sticker fee increase and a tax on cable television.”³

Our leaders continue to raise money to operate Chicago through regressive, unfair and mean-spirited measures that hurt the least of us the most.

48 to zero. No dissent. No debate. No ward-by-ward public meetings on the budget. In fact, virtually NO public meetings on the budget.

Well, not exactly. Since “Chicago Is Not Broke” was published in July of 2016 we’ve had 32 public meetings in front of 1,400 people. We’ve got ten more scheduled through May. Our schedule is online at the home page for the “Chicago Is Not Broke” Book Project web site at www.wearenot-broke.org.

The League of Women Voters of Illinois and Chicago did a press event at City Hall on September 14 and delivered the book to the Aldermen and the Mayor. Our elected officials ignored the good ideas in the book. The League continues the fight for a progressive income tax for Illinois.

The Chicago Tribune, The Chicago Sun-Times, WBEZ Public Radio, WTTW Public Television and Crain’s Chicago Business have refused to cover the book or review the book or attend and cover any of the public meetings held by neighborhood groups around the city.

All I can say, as the editor and organizer of the project, is how proud I am of this work and the authors – who, on their own, continue to work to improve and enrich our city - and the dozens of volunteers we meet all over the city who host and organize public meetings so that their neighbors can get illuminated about the city REALLY works. More than that, I’m inspired by the hundreds of people who attend these meetings seeking civic knowledge, who are eager and ready to expand their own civic imaginations and who now demand the same from Chicago’s leaders.

Help us get the word out on the book and the ideas in it. Clearly, the mainstream media is not interested. Bring us to YOUR community. Contact us at info@civiclab.us or call 773-770-5714.

Finally, the CivicLab is excited to announce that we are preparing our second book. It’s a direct response to the over 150 public meetings we have participated in since 2008. “More Public! A Love Letter and A Call To Action” will be out this Spring. We will publish this book in conjunction with a new membership program we are calling the Public Defender

Project. You can see a beta version of the project at <http://public-defender.us>. Please consider making an investment to make the book and the project a reality.

Let's get busy!

Tom Tresser

Civic educator. public defender.

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WHY THIS BOOK?

The mayor says Chicago is broke.

The newspapers say we are broke.

Think tanks and policy shops say we are broke.

Can we believe them?

What would be the difference to the lives of Chicagoans and the future of the city if we are not broke?

If Chicago is NOT broke then we move from a narrative of scarcity and “can’t have” to one of self-sufficiency and possibility.

The difference for Chicago would be profound. The city could again stand for fairness, justice, opportunity and possibility.

I want to live in that city.

Would it be tipping my hand to say that I DON’T believe the narrative—regardless of who is pushing it—that Chicago is broke?

I don’t trust the experts on this. The experts have lied to us over and over again and have, time and time again, found money for programs that proved to be corrupt, wrong-headed and ineffective.

Why would so many powerful people and entities portray Chicago as broke and bereft of possibility?

I believe it’s because when a city is broke and has no ideas to advance economic prosperity it is ripe for fleecing. By that I mean privatization. By that I mean strip mining the assets of the many to benefit the few.

The Chicago Sun-Times quoted Mayor Richard M. Daley in an article titled

“Daley: Stop Throwing Darts” from July 8, 2009. You can read the full article and the editorial response here: <http://tinyurl.com/Stop-Throwing-Darts>.

“An impassioned Mayor Daley today portrayed the 2016 Summer Olympic Games as the economic salvation for Chicago, but warned that the city just might lose the Olympic sweepstakes ‘if people keep throwing darts...This is the only economic engine. We’re talking about jobs. We’re talking about contracts...coming into Chicago.’ He swore he would never bankrupt the city and that taxpayers would not pay a dime for the 2016 Olympics.”

The article concluded with him confessing a startling admission, “People can discuss this, but this is the best economic engine we have going. I have nothing [else] up my sleeve.”

It was a shameful admission of a lack of civic imagination and a reliance on a bankrupt and demonstrably proven disastrous scheme for advancing civic prosperity.

And all the major media outlets, civic institutions and policy shops backed the bid.

Chicago lost the 2016 Olympics in the first round of voting by the International Olympic Committee on October 2, 2009. There was a lot of handwringing here about all the lost jobs and economic benefits but absolutely no honest soul-searching or evaluation of what just happened to Chicago.

Instead, Mayor Daley decided to retire and Rahm Emanuel was elected Mayor.

There have been three Olympics since then – each worse than the preceding one in terms of overruns, corruption and economic turmoil for the hosting government.

Now, seven years later, both daily Chicago newspapers (who backed the bid) editorialized about how lucky Chicago was to have ESCAPED hosting the 2016 Olympics.

What the Olympics for sure WOULD HAVE done would be to privatize the city for seven years and shower billions of dollars on the same set of consultants, financial services firms, banks, marketers and construction companies that have grown fat by being close to power in Chicago. It would have done NOTHING for 99% of the people of Chicago.

So perhaps we can’t believe the experts, the media, the policy think tanks

and the powerful when they tell us that something is so or isn't so.

The narrative of civic poverty and lack of ideas has continued from Mayor Daley's time to the present. We still seek to privatize public assets and pursue deals that benefit billionaires to the detriment of the public good. As I write, for example, Mayor Emanuel seems fixated on giving priceless lake-front land to Star Wars creator George Lucas and has proposed knocking down part of the convention center, then re-building another part of the convention center for over \$1 billion.

We've seen 49 public schools closed, six public mental health clinics shuttered, CTA service curtailed, Park District programs ratcheted up in cost and new rounds of cuts threatening our public education infrastructure. We've seen Tax Increment Finance districts shower billions of dollars on private developers. We've seen aldermen go to prison, a Chicago Public Schools CEO plead guilty to corruption charges and unarmed African-Americans shot down in the streets and in their homes. A report on Chicago's police department issued by the Police Accountability Task Force calls into question in the starkest possible terms some of the most basic conditions of fairness, truth-telling and accountability in Chicago.

There always seems to be money for some parts of the city and treasured projects favored by the mayor and his allies. But most of the city, beyond the Super Loop of five wards, still looks like it did ten or even twenty years ago.

There are many reasons to distrust the mayor when he says Chicago is broke.

There are many examples of civic problem solving throughout the city that deal effectively with perplexing and long-standing social and economic problems. They are run by civic champions who have passion, skill and experience. They just lack power.

And money.

So this book is an attempt to correct the record. To gin up a serious city-wide conversation about what is possible in Chicago.

The book is divided into three sections.

Section One is about money that has been stolen from us. This is money we should not have spent and should not continue to spend. Corruption experts Professor Dick Simpson and investigative journalist Thomas J. Gradel start

us off with “The Cost of Corruption in Chicago.” Then we have “The Cost of Toxic Bank Deals for Chicago” by Jackson Potter of the Chicago Teachers Union and conclude with “The Cost of Police Abuse” by Jamie Kalven of the Invisible Institute (and recent Polk Award winner for his reporting on the killing of Laquan McDonald.)

Section Two is about money that is hidden from us. This is a one-chapter section featuring my piece, “TIFs – Billions Off the Books,” and concerns property taxes collected by Chicago’s Tax Increment Financing districts.

Section Three is about money we are not collecting but should be. Here Hilary Denk of the League of Women Voters of Illinois writes about “A Progressive Income Tax for Illinois.” Professors Ron Baiman and Bill Barclay of the Chicago Political Economy Group speak to “A Financial Transaction Tax for Chicago.” Amara Enyia, a candidate for mayor in Chicago’s 2015 election, addresses “A Public Bank for Chicago.”

To get us started, civic finance expert Ralph Martire introduces us to the Chicago budget. Wrapping up the book is Jonathan Peck of Alternatives, Inc. He reflects on all the ideas in the book and offers some next steps.

This book is the start of what I hope will be a city-wide grassroots research, education and planning project. More on this in the “Let’s Get to Work” section at the end of the book.

I hope you will help me prove that Chicago is not broke and that we have a LOT of great civic solutions up our sleeves.

Tom Tresser

Civic educator. public defender.

June 2016



★★ PART THREE ★★

MONEY WE ARE

NOT

(BUT SHOULD BE)

COLLECTING



A PUBLIC BANK FOR CHICAGO

Amara C. Enyia JD, PhD

Chicago has been wracked with costly borrowing that has all but crippled the local economy in ways that will be felt for generations to come – unless the city changes course by adopting a philosophy that prioritizes the public first, not private interests. In 2016, Chicago is still struggling to emerge from a recession that has had a devastating effect on both the local and regional economy.

The City of Chicago, its related governmental units and their pension funds control \$78 billion of Wall Street business, making them well-positioned to play a leadership role in establishing a publicly-owned municipal bank (public bank).

The notion of banking as a public utility is counter-cultural. In an era where the country is just now pulling itself out of a years-long recession, catalyzed by reckless financial speculation and other hazardous practices of major financial institutions, the big question facing municipalities staring down generations of crippling debt is whether cities benefit by investing money locally instead of in Wall Street banks.

The benefits of a public bank are its ability to support economic development efforts in the city and in overall economic growth. A public bank in Chicago would put our money to work for ALL of our residents and still return a sizeable profit to the city.

This could slow the trend toward income inequality that has plagued the United States and is particularly evident in large municipalities like Chicago. Public banks, unlike Wall Street banks, actually return profits to the municipal general fund. In an era where Chicago has paid billions of dollars in interest, termination fees and other costs to Wall Street banks, the concept of recirculating those dollars into the city's economy and treasury is especially appealing.

Public banks are chartered to serve the public, not exploit it. The allegiance to the public in the operational sense means that public banks partner with community banks in making loans that extend credit into their communities. They do not compete as retail banks – meaning none of the accoutrements of retail banks exist with public banks—things such as tellers, ATM machines, etc. The public bank would not accept deposits from individuals, organizations and businesses—only from the state and municipal governments.

IS THERE PRECEDENT? THE BANK OF NORTH DAKOTA

The public Bank of North Dakota (BND), founded in 1919, earned \$94 million in profits in 2015 for North Dakota’s 670,000 residents. Indeed, BND set an earnings record for the 12th straight year in 2015 with a net income of \$130.7 million, up from \$111 million in profits in 2014. BND’s assets total \$7.4 billion and have tripled since 2006.

BND deposits roughly half its profits into the State’s general budget and uses the other half to increase its capitalization in order to make more loans. In the past decade, BND has returned over \$300 million to the general fund. In addition to lending based on a formula that includes both its public deposits and its capitalization, BND also has access to low-cost Federal Home Loan Bank capital. BND is not required to contribute to FDIC insurance because it is not a retail bank and it is backed instead by the full faith and credit of the State of North Dakota. This and its partnership arrangements with local banks lower its operating costs considerably. BND has averaged more than 25% return on equity over the past 16 years. Since 2008, BND’s annual return on investment has been between 17 and 26%.

A study of BND by the Institute for Local Self-Reliance stated: “Thanks in large part to BND, community banks are much more numerous and robust in North Dakota than in other states. North Dakota has more banks and credit unions per capita than any other state. In fact, it has nearly six times as many local financial institutions per person as the country overall. While locally owned small and mid-sized banks and credit unions (those under \$10 billion in assets) account for only 29% of deposits nationally, in North Dakota they have a remarkable 83% of the market. By helping to sustain a large number of local banks and credit unions, BND has strengthened North Dakota’s economy, enabled small businesses and farms grow, and spurred job creation in the state.”²

A public bank in Chicago would make a profound difference in four key areas:

- Provide a mechanism for low interest financing for necessary infrastructure improvements and enhancements
- Increase access to capital for small businesses through the increased capacity to issue small business loans
- Provide access to student loans for Chicago students
- Increase capital for affordable housing

IMPROVE EFFICIENCY OF LOCAL INFRASTRUCTURE AND REDUCE PUBLIC DEBT

Typically, after an economic downturn, governments increase borrowing in order to take advantage of low interest rates and meet needs that may have been deferred because of tight budgets. While a study by the Pew Charitable Trusts found that borrowing in the 30 largest U.S. cities since the end of the Great Depression was notably lower, Chicago tops the list of 30 cities in new bond issuances. Chicago issued \$1.5 billion in debt, about half of which (\$784 million) was in airport revenue bonds for improvements to Chicago Midway International Airport.

The use of municipal bonds to finance capital improvement projects in Chicago has imposed a significant revenue drain on Chicago's tax base. The scale of capital improvement projects is often limited due to the lack of funding – and yet infrastructure upgrades and capital improvements in crucial areas such as roads, the water system and establishing broadband Internet access are keys to providing a higher quality of life for Chicago's residents and for creating a truly global economy that competes with major economic hubs around the world.

The public bank would allow tax revenues that are currently devoted to paying interest and principal on public debt obligations to be recaptured and redirected into local investments to improve employment prospects and economic opportunity in low-income neighborhoods.

As pointed out in Ralph Martire's introduction to the Chicago budget, fully 31% of the property taxes that Chicago collects (and which is "on the books") goes to pay debt service.

As it stands, interest paid to private banks represents 30 to 50% of the cost of most public projects. From 2010 to 2014, Chicago's general obligation

bond deals included over \$235 million of capitalized interest, simply as a means for the city to avoid servicing its debt in the short term.

A public bank in Chicago could help the city to undertake major infrastructure investments that will cost the city billions of dollars and instead of paying hundreds of millions of dollars in interest and fees to private financial institutions, revenues from the public bank's low interest rate financing plan would be re-circulated into the city's treasury.

A public bank would also allow the city to refinance current public debt, lowering debt service costs without the use of interest rate swaps and deceptive public/private partnership agreements. The city has been hemorrhaging money in predatory financial deals with Wall Street banks. Indeed, when the Federal Reserve cut interest rates as part of the bank bailout, the variable rate the banks were paying dropped down to near zero. However, Chicago was still locked into higher fixed rates. Wall Street banks the city partnered with to construct these dangerous deals pocketed the difference. To date, Chicagoans have paid more than \$850 million in swap payments. Because the city's credit had been recently downgraded, banks are now trying to collect another \$450 million in swap penalties. Jackson Potter covers this topic in his chapter in this book.

With a public bank, the city would avoid exorbitant fees designed to generate profit for private bank shareholders. This can mean significant cost savings and ensures that whatever interest the public bank collects is retained and returned, in part, in profits deposited in the municipal general fund, rather than extracted and exported from the City.

If Chicago had access to a public bank it need not have leased its parking meters to Morgan Stanley for 75 years. The financial service giant is expected to reap \$10 billion in profits from Chicago's parkers.³

LOCAL ECONOMIC DEVELOPMENT VIA SMALL BUSINESS LOANS

The function of a public bank in Chicago to provide reliable and affordable credit stands as one of its most useful and appealing characteristics. In this way, the public bank would facilitate local and regional economic development. This function is particularly crucial to spur economic development in neighborhoods where traditional financial institutions – as well as the City of Chicago itself – have failed to invest at the kind of facilitative levels that drive substantive change.

In no sector is this more evident than the small business sector. The lack

of access to capital is the most common refrain when would-be small business owners are looking to start up and when existing business owners are looking to expand. Traditional banking institutions have consistently lagged in lending levels, especially in low and middle income communities. The advent of the Community Reinvestment Act (CRA) was a legislative tool designed to force banks to invest in the communities in which they do business.

CRA addresses how traditional banking institutions meet credit needs in low and moderate income (LMI) neighborhoods. Investments include consumer and business lending, community investments and low-cost services that benefit LMI areas and entities. The practice of redlining, the refusal of a bank to make credit available to all of the neighborhoods in its immediate locality including certain LMI neighborhoods, had stifled the growth of the small business sector, locking out potential business owners from contributing to local economic growth.

A public bank in Chicago would allow a municipality to direct local lending, targeting LMI communities, offer below market-rate (low interest) loans and leverage other capital for small business development and job creation.

Credit becomes local, which is so critical to building stronger local communities. Within this framework partner banks can actually increase loan amounts without modifying existing underwriting standards (for so long, those underwriting standards have prevented many, particularly individuals with few assets and low or middle income salaries, from being able to borrow). Essentially, public banks often buy down interest rates or guarantee loans, thereby helping more borrowers to qualify.

Access to additional credit could provide the stability that allows small and local business owners to focus on growing their business. This, in turn, creates an environment for increased local hiring, thus reducing unemployment levels across the city, but particularly in communities that have experienced chronic underemployment and where unemployment has plagued residents.

Chicago has lost many local banks that had social justice and local lending missions. Institutions such as the South Shore Bank and Parkway National are gone and others, like Urban Partnership Bank, continue to struggle. The death of these local banks negatively and disproportionately affects people of color who served as their primary customer base.

A public bank could be the necessary tool to foster a thriving small business sector by creating a pathway to increased business ownership and expansion. The direct benefit to employment levels, increased tax revenue and consumer spending would significantly grow Chicago's economy.

BENEFITS TO STUDENTS

Students would also greatly benefit from a public bank. Students would be able to access low interest education loans with flexible repayment options for people who go into public service and education. Nearly 70% of bachelor's degree recipients leave school with debt according to the White House, and that has major consequences for the economy.

Research indicates that the \$1.2 trillion in student loan debt may be preventing Americans from making the kinds of big purchases that drive economic growth, such as homes and cars. Student debt is the second highest level of consumer debt, behind only mortgages, and one in four student loan borrowers are either in delinquency or in default on their student loans, according to the Consumer Financial Protection Bureau.

Here are two scenarios illustrating the benefits to a potential student debtor using a public bank:

	LOAN RATE	BORROWING \$20,000 FOR 20 YEARS (180 MONTHLY PAYMENTS) PAID MONTHLY	TOTAL PAID***	PROFIT PAID TO LENDER
Bank of North Dakota	4.71*	\$155	\$27,900	\$7,900
Typical Chicago lender	8.98**	\$203	\$36,540	\$16,540
		DIFFERENCE	\$8,640	

* <https://bnd.nd.gov/studentloans/money-for-college/deal-student-loan-1/#1444312066470-e593d746-e33c>

** Generated by www.estudentloan.com on 5/26/16 using \$20,000 loan for 15 years to go to the University of Illinois Chicago.

*** Using repayment calculator at www.sofi.com

The student with the loan financed by the public bank keeps \$8,640 more over the repayment period.

A college degree has become more necessary than ever to compete in today's workforce. However, Americans wages have remained stagnant.

That means more students are going to school with less money to pay for it, resulting in the student debt uptick. Access to low interest loans and the ability to refinance loan debt makes a public bank vitally important to the next generation of Chicagoans entering college. The ability to graduate school free from exorbitant debt levels means a better-prepared workforce for the city. It also makes Chicago an attractive destination for businesses looking for college trained workers.

BENEFITS TO HOMEOWNERS

By 2012 the U.S. Postal Service, which tracks foreclosure numbers, reported that 62,000 properties were vacant in Chicago. In Chicago's hardest hit neighborhoods, about 40% of all homeowners owe more on their mortgages than their homes are worth. A nine-month study by the National Fair Housing Alliance revealed that, after forcing out families in foreclosure, banks failed to properly market, maintain and secure the vacated homes. As these properties deteriorated, the city had a shortage of 120,000 units of affordable housing and some 100,000 people are sleeping in shelters or on the street each year.

With a Chicago public bank, homeowners would be able to access reasonable mortgages and home loans. It would also provide a mechanism for the city to advance an affordable housing agenda – especially critical in Chicago where it was revealed that the Chicago Housing Authority was sitting on more than \$400 million federal dollars that were to be used for the creation of affordable housing units as part of the city's plan for redevelopment.

Affordable housing is absolutely critical to ensuring stability in communities – especially in an era where incomes have been stagnant and housing costs have increased. A public bank for Chicago could play a pivotal role in community stability and revitalization, especially in those areas hardest hit by the foreclosure crisis.

CONCLUSION

If the city of Chicago is to move toward a fiscally sound future with a stable growth economy, a public bank must be part of the solution. A public bank returns profits to the municipality as non-tax revenue, provides reliable and affordable credit, facilitates economic development, creates jobs and, ultimately, grows the tax base.

A public bank for Chicago would reduce public debt and the debt service costs loaded into our annual municipal budget and would allow the city to direct local lending, offer below market-rate loans and leverage other capital for specific public purposes such as affordable housing, neighborhood development, infrastructure, small business development, education, and job creation.

If Chicago had a public bank in 2010, we could have saved at least \$1.365 billion in debt service. In addition, a public bank for Chicago would generate additional annual revenues for the city in the millions of dollars.



NOTES

¹Financials are at:http://banknd.nd.gov/financials_and_compliance/annual_reports.html

²<https://ilsr.org/rule/bank-of-north-dakota-2>

³<http://www.bloomberg.com/news/articles/2010-08-09/morgan-stanley-group-s-11-billion-from-chicago-meters-makes-taxpayers-cry>