



The Civic Federation

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SELECTED CONSUMER TAXES IN THE CITY OF CHICAGO

This brief provides a compilation of selected consumer taxes, including rates and descriptions, in place in the City of Chicago as of May 1, 2016.

February 25, 2016

Selected Consumer Taxes in Chicago as of May 1, 2016
see accompanying narrative for details

	Federal	State	Cook County		City of Chicago		RTA ¹	MPEA ²	ISFA ³	TOTAL
			County	Home Rule	Municipal	Home Rule				
Airport Departure Tax	--	--	--	--	--	--	--	\$2.00 to \$54.00	--	\$2.00 to \$54.00
Amusement Tax	--	--	--	1.0% to 1.5% live, 3.0% other	--	5.0% live, 9.0% all other	--	--	--	6.00% to 12.00%
Automobile Rental Tax	--	5.00%	--	--	\$2.75 per rental period ⁴	--	--	6.00%	--	11.00% + \$2.75
Bottled Water Tax (per bottle)*	--	--	--	--	--	\$0.05	--	--	--	\$0.05
Electricity Infrastructure Fee per kwh (range)⁵	--	--	--	--	\$0.0026 to \$0.0053 ⁵	--	--	--	--	\$0.0053 ⁵
Electricity Use Tax per kwh (range)⁵	--	\$0.00202 to \$0.0033	--	--	\$0.003 to \$0.00615	--	--	--	--	\$0.00502 to \$0.0094 ⁵
Firearm and Ammunition Taxes*	--	6	--	\$25 per firearm; \$0.1 to \$0.05 per cartridge	--	--	--	--	--	\$25 per firearm; \$0.1 to \$0.05 per cartridge
Fountain Soft Drink Syrup Tax	--	--	--	--	--	9.00%	--	--	--	9.00%
Hotel Operators' Tax	--	6.17%	--	1.09%	1.08%	4.50%	--	2.50%	2.14%	17.56% ⁷
Liquor Tax per gallon*										
<i>Beer</i>	\$0.58	\$0.231	--	\$0.09	--	\$0.29	--	--	--	\$0.83 to \$1.19
<i>Wine</i>	\$1.07 to \$3.40	\$1.39	--	\$0.24 to \$0.45	--	\$0.36 to \$0.89	--	--	--	\$3.06 to \$6.13
<i>Distilled Liquor (100 proof gallon)</i>	\$13.50 ⁸	\$8.55	--	\$2.50	--	\$2.68	--	--	--	\$27.23
Motor Fuel per gallon*										
<i>Gasoline⁹</i>	\$0.184	\$0.201	--	\$0.06	--	\$0.05	--	--	--	\$0.50
<i>Diesel⁹</i>	\$0.244	\$0.226	--	\$0.06	--	\$0.05	--	--	--	\$0.58
Natural Gas Utility Tax	--	\$0.024 per therm or 5.0% ¹⁰	--	--	8.0% ¹¹	--	--	--	--	≤13.00%
New Motor Vehicle Tax (per 4-wheel vehicle)	--	--	--	\$15.00	--	--	--	--	--	\$15.00
Parking Tax (range)	--	--	--	6.0% to 9.0%, depending on fee	--	20.0% to 22.0%, depending on day	--	--	--	26.0% to 31.0%
Personal Property Lease Transaction Tax	--	--	--	--	--	5.25% to 9.0%	--	--	--	5.25% to 9.0%
Real Estate Transfer Tax	--	\$0.50 per \$500 (0.1%)	\$0.25 per \$500 (0.05%)	--	\$1.50 per \$500 (0.3%) ¹²	\$3.75 per \$500 (0.75%)	--	--	--	\$6.00 per \$500 (1.2%)
Restaurant Tax*	--	--	--	--	--	0.25%	--	1.00%	--	1.25%
Sales Tax										
<i>General Merchandise (including motor fuel & restaurant purchases)</i>	--	5.00% ¹³	--	1.75%	1.00%	1.25%	1.25% ¹⁴	--	--	10.25%
<i>Food & Drugs</i>	--	--	--	--	1.00%	--	1.25%	--	--	2.25%
Soft Drink Tax*	--	--	--	--	--	3.00%	--	--	--	3.00%
Telecommunications Excise Tax	3.00%	7.00%	--	--	7.00%	--	--	--	--	17.00%
911 service per network connection per month	--	--	--	--	\$3.90 ¹⁵	--	--	--	--	\$3.90
Tire Fee per new tire*	--	\$2.50	--	--	--	\$1.00	--	--	--	\$3.50
Tobacco Taxes*										
<i>Cigarette (per pack)</i>	\$1.01	\$1.98	--	\$3.00	--	\$1.18	--	--	--	\$7.17
<i>Smoking tobacco (per ounce)</i>	\$0.17	36% of wholesale price	--	\$0.60	--	--	--	--	--	36.00% + \$0.77
<i>Smokeless tobacco (per ounce)</i>	\$0.03 to \$0.09	\$0.30	--	\$0.60	--	--	--	--	--	\$0.93 to \$0.99
<i>Little cigar (per unit)</i>	\$0.05	\$1.98	--	\$0.05	--	--	--	--	--	\$2.08
<i>Large cigar (per unit)</i>	52.75% of sales price ¹⁶	36% of wholesale price	--	\$0.30	--	--	--	--	--	88.75% + \$0.30 ¹⁷
Liquid Nicotine Products	--	--	--	\$0.20 per milliliter	--	\$0.55 per milliliter; \$0.80 per unit	--	--	--	\$0.75 per milliliter; \$0.80 per unit
Wheel Tax (Vehicle Registration) per small passenger automobile per year	--	\$101.00	--	¹⁸	--	\$85.97	--	--	--	\$184.00
Wheel Tax (Vehicle Registration) per large passenger automobile per year	--	\$101.00	--	¹⁹	--	\$136.54	--	--	--	\$234.00

See notes on next page and accompanying narrative for details.

Note: "Municipal" and "County" refer to taxing authority granted by state law to municipalities and counties and is distinct from taxes imposed by virtue of home rule status.

* Subject to general merchandise sales tax in addition to tax referenced.

¹ Regional Transportation Authority (Chicago Transit Authority, Metra, Pace).

² Metropolitan Pier and Exposition Authority taxes are levied on different geographic areas. The restaurant tax area consists of Stevenson Expressway (south), Ashland Avenue (west), Diversey Avenue (north), Lake Michigan (east) and airports. The hotel tax is throughout Chicago, the airport departure tax is at airports and the automobile rental tax is throughout Cook County.

³ Illinois Sports Facilities Authority (U.S. Cellular Field and Soldier Field).

⁴ The City of Chicago imposes a 9% personal property lease tax on auto rental in addition to the \$2.75 per rental of motor vehicle lessor tax.

⁵ Rates for the Electricity Infrastructure Fee and Electricity Use Tax start at the higher rate and decline as usage increases.

⁶ The State of Illinois requires residents to have a Firearm Owners Identification Card in order to purchase a firearm. The fee for the card is \$10.00 per ten years.

⁷ This figure represents the effective rate of this tax. See the narrative for more detail.

⁸ Only the federal government considers the proof of the distilled alcohol. It taxes \$13.50 per gallon of 100-proof liquor. See the narrative for more detail.

⁹ Includes \$0.003 for Underground Storage Tank Tax and \$0.008 for environmental impact fee imposed by the State of Illinois.

¹⁰ The State rate for natural gas usage is the lesser of \$0.024 per therm of gas sold to each customer or 5% of gross revenue from each customer.

¹¹ Large institutions that purchase from providers other than Peoples Energy are subject to \$0.063 per therm instead of 8%.

¹² The \$1.50 per \$500 tax is transferred to the Chicago Transit Authority.

¹³ The State collects a tax of 6.25%. The State keeps 5.0% and distributes the remaining 1.25% to local governments.

¹⁴ This includes a 1.0% tax by the RTA and the 0.25% county share of sales tax which in Cook County is distributed to the RTA.

¹⁵ The City of Chicago imposes a 911 surcharge on prepaid wireless services of 9%. The enforcement and collection of this surcharge is administered by the Illinois Department of Revenue.

¹⁶ Federal tax is limited to \$.4026 per cigar.

¹⁷ A \$1 surcharge goes to the State Police Vehicle Fund.

¹⁸ Cook County levies wheel taxes in unincorporated portions of the county. The current rate for residents of unincorporated Cook County is \$80 per small passenger automobile per year.

¹⁹ Cook County levies wheel taxes in unincorporated portions of the county. The current rate for residents of unincorporated Cook County is \$100 per large passenger automobile per year.

Source: Illinois Legislative Research Unit 2015 Tax Handbook for Legislators; Illinois Department of Revenue website; City of Chicago Department of Revenue website; Cook County Department of Revenue website; United States Government Printing Office website; Illinois Compiled Statutes; Code of Ordinances of Cook County, Illinois; Municipal Code of Chicago; and United States Code.

INTRODUCTION

Description of Tax Categorization

For the purposes of this report, taxes for Cook County and the City of Chicago have been organized into two categories: *municipal* or *county* and *home rule*.

Municipal or *county* refers to the taxing authority granted by the State of Illinois to all municipalities or counties and is distinct from taxes imposed by virtue of home rule status. An example of this type of tax is the City of Chicago's Automobile Rental Tax. The State authorizes any municipality in Illinois to impose a tax on automobile rentals and limits the amount of the tax.

Taxes categorized as *municipal* and *county* also include taxes imposed by the State of Illinois, where a portion of the tax revenue is distributed to municipalities or counties. Illinois' State sales tax rate is 6.25%, but 5.0% of the sales tax revenue goes to the State, 1.0% goes to all municipalities, including Chicago, and the remaining 0.25% goes to the counties. However, Cook County's share of the State sales tax is distributed to the Regional Transportation Authority.

Home rule refers to the taxing authority granted by the State of Illinois to home rule municipalities. According to the Constitution of the State of Illinois, any municipality with a population of 25,000 or more qualifies as a home rule unit. A municipality may also qualify as a home rule unit through referendum. A county which has a chief executive officer elected by the electors of the county may also become home rule. Cook County is the only home rule county in the State of Illinois. Home rule units in Illinois have the authority to impose taxes, unless otherwise prohibited by the Constitution (Article VII, Section 6). An example of this *home rule* tax is the City of Chicago's Bottled Water Tax. The City of Chicago is permitted to impose a tax on bottled water because it has home rule status and because the State has not prohibited it.

Tax Changes

The following taxes have undergone changes since the release of the previous "Selected Consumer Taxes in the City of Chicago" report for taxes that went into effect January 1, 2015. They are listed below in chronological order by the date they became effective or will go into effect.

- **Amusement Tax, City of Chicago and Cook County** – On June 9, 2015, the City of Chicago Department of Finance issued Amusement Tax Ruling #5 that introduced revisions to the interpretation of how the 9.0% amusement tax is administered to include streaming services such as Netflix and Spotify. The ruling had an effective date of July 1, 2015, but was not implemented until September 1, 2015 and has been challenged in Cook County Circuit Court.¹ The Chicago City Council also amended the Amusement Tax ordinance during the FY2016 budget process to add language clarifying the tax imposed on streaming services. As part of Cook County's FY2016 budget, the Board amended the

¹ Labell et al. v. The City of Chicago et al., case number 2015-CH-13399.

County's amusement tax to extend the 3.0% amusement tax to ticket resellers, effective February 1, 2016.

- **Personal Property Lease Transaction Tax, City of Chicago** – The City of Chicago also revised its interpretation of the Personal Property Lease Transaction Tax through Tax Ruling #12 to apply to additional new technology products that have been developed since the ordinance was first enacted. The Chicago Department of Finance ruling was scheduled to go into effect on September 1, 2015 but was postponed to January 1, 2016. The Chicago City Council approved a number of amendments to the tax as a part of the FY2016 budget. The budget ordinance exempted certain small new businesses, i.e. those businesses with less than \$25.0 million in gross receipts or sales and less than 60 months in business, from the tax and imposed a lower rate of 5.25% for “cloud” products.
- **Sales Tax, Cook County** – On July 15, 2015, the Cook County Board of Commissioners voted to increase the County sales tax by one percentage point, taking effect on January 1, 2016. The increase brings the composite tax rate in Chicago to 10.25%.
- **Hotel Accommodations Tax, Cook County** – The County will begin collecting a new 1.0% sales tax on gross hotel receipts starting on May 1, 2016. Because the tax is on gross receipts, the effective tax rate will be 1.1%, which is discussed further in the Hotel Tax section.
- **Other Tobacco and Consumable Products Tax, City of Chicago and Cook County** – Both the City and County added a new tax on e-cigarettes and liquid nicotine products. The City is applying a \$0.55 per fluid milliliter as well as a \$0.80 tax per unit of liquid, effective January 1, 2016; the County is implementing a \$0.20 per milliliter tax which will go into effect on May 1, 2016.
- **Firearm and Ammunition Tax, Cook County** – In addition to its \$25.00 per firearm tax, the County will begin taxing firearm ammunition. On June 1, 2016, the County will begin charging \$0.05 per centerfire cartridge and \$0.01 per rimfire cartridge.
- **Ground Transportation Tax, City of Chicago** – As part of the FY2016 budget process, the City of Chicago increased rideshare, e.g. Uber and Lyft, fees including a \$0.40 or \$0.80 per trip fee and an additional \$5.40 or \$5.80 surcharge for pick-up at O'Hare and Midway airports, Navy Pier and McCormick Place, in addition to the daily rate of \$3.50. Chicago taxicab operators' monthly rate will increase by \$20.00 to \$98.00. Suburban taxicab operators' daily rate will increase from \$3.00 to \$3.50, not to exceed \$98.00 in monthly charges. Transportation network providers may claim a credit of 50% of the tax if the ride includes a pick-up or drop-off in an area designated as being underserved.

DESCRIPTION OF SELECTED CONSUMER TAXES IN CHICAGO

Airport Departure Tax

This tax is applied to businesses engaged in providing ground transportation for hire to passengers departing from a commercial service airport in Chicago and is passed on to consumers. On July 21, 2010, the Metropolitan Pier and Exposition Authority amended the airport departure tax ordinance to include an increase in the tax effective September 1, 2010.²

² City of Chicago, Department of Revenue, “MPEA Airport Departure Tax Rate Increase,” news release, July 21, 2010.

The tax for vans and buses regulated by the Illinois Commerce Commission or Interstate Commerce Commission is \$2.00 per passenger. Tax rates for all other vehicles range from \$4.00 to \$54.00 depending on vehicle capacity and type. The tax rates effective as of September 1, 2010 reflected a 100.0% increase in the prior rates.
(70 ILCS 210/13(f))

Amusement Tax

In Cook County an Amusement Tax of 1.0% of admission fees or other charges is applied for live theatrical, musical or other cultural performances with capacity of 750-5,000 persons. A 1.5% tax is applied to all such performances with capacity over 5,000 persons. The tax does not apply to such performances with capacity under 750. A tax of 3.0% applies to other exhibitions, performances, presentations and shows such as movies and sports. Effective February 1, 2016, the 3.0% tax will apply to ticket resellers. The tax may apply to amateur productions, benefits for non-profit organizations, non-profit professional orchestras and operas or participatory activities (e.g., amusement parks, sports games) pursuant to an amendment to the ordinance passed February 1, 2012. Under the amended ordinance, if the Cook County Department of Revenue determines that granting an exemption would result in a potential loss of tax revenue greater than \$150,000, the Board of Commissioners would need to provide final approval of the exemption. Prior to February 2012, the tax was not imposed on these organizations if they applied for a waiver from the Department of Revenue.

(Code of Ordinances of Cook County, Illinois, Chapter 74, Article X, (Ordinance No. 15-6024)

In Chicago an Amusement Tax of 5.0% of admission fees and other charges is applied for live theatrical, musical or other cultural performances with capacity over 750 persons. A 9.0% tax applies to all other performances and participatory events including movies, sports, amusement parks, circuses, pleasure boat rides, dancing, bowling, tennis, weightlifting, etc. Activities that are primarily educational rather than recreational are excluded. Initiation fees and memberships to health clubs are not taxed, but per-event or per-admission fees are taxed at 9.0%. Cable television is also taxed at 9.0% of charges. The City previously issued a partial exemption of the tax to cable television providers. However, with the approval of the FY2014 budget, the cap on the partial exemption of the amusement tax issued to cable television providers was reduced from 5.0% to 3.0% effective January 1, 2014.³ With the approval of the FY2015 budget, the exemption was completely eliminated effective January 1, 2015 and the cable television providers must now pay the full 9.0% rate that applies to other amusements. Also with the FY2015 budget, an amendment was passed that went into effect on January 1, 2015 that eliminates the partial tax exemption on the admission fee paid for special seating areas, such as sky boxes. This tax, however, will be reduced by any other city tax shown to be imposed on these admission fee charges. On June 9, 2015, the City of Chicago Department of Finance introduced revisions to its interpretation of how the 9.0% amusement tax is administered to include streaming services like Netflix and Spotify that are delivered electronically. This

³ City of Chicago Municipal Code, Chapter 4-156-020(J)

interpretation of the municipal code is being challenged in Cook County Circuit Court.⁴
(*City of Chicago Municipal Code, Chapter 4-156*)
(*Substitute Ordinance 2015-7403, Amendment of Municipal Code Titles 2, 3, 4, 7, 9, 11 and 13 concerning various fines and fees (2016 Revenue Ordinance), Article IV*)

Automobile Rental Tax

As imposed by the State of Illinois, City of Chicago and the Metropolitan Pier and Exposition Authority (MPEA), this tax applies to the lessee of any automobile or van with capacity of 7-16 passengers or recreational vehicle for the privilege of using Illinois highways. This tax is collected by the lessor, who can be relieved of the duty of paying the Automobile Renting Occupation Tax on gross receipts from the transaction. These taxes apply only to rental agreements for periods up to one year, such as short-term rentals at airports, motels, etc. Rentals to governments, non-profits providing recreation to persons over age 55, rentals where lessor retains possession of the vehicle (e.g., limousine service) and rentals of demonstration cars by automobile dealers are exempt.

The State of Illinois imposes a tax of 5.0% of the automobile rental charge, MPEA imposes a tax of 6.0% and the City of Chicago imposes a 9.0% lease tax in addition to the tax of \$2.75 per rental period.

(35 ILCS 155/4)
(65 ILCS 5/8-11-11)
(70 ILCS 210/13(d))
(*City of Chicago Municipal Code, Chapter 3-32 and Chapter 3-48*)

Bottled Water

This tax was created with the November 13, 2007 approval of the FY2008 City Budget. It is a tax of five cents on any size bottle of water sold in the City of Chicago. The sale of bottled water is also subject to the general merchandise sales tax.
(*City of Chicago Municipal Code, Chapter 3-43*)

Electricity Infrastructure Maintenance Fee (per kilowatt hour)

This fee is imposed on electricity deliverers as compensation for using public rights of way in the City of Chicago and is passed on to consumers. It is charged on a monthly basis per kilowatt hour of usage, ranging from \$0.0053 for the first 2,000 kwh to \$0.0026 for amounts over 20 million kwh.

(35 ILCS 645/5-5)
(*City of Chicago Municipal Code, Chapter 3-54*)

⁴ John Byrne, "Suit filed against Chicago Internet taxes," *Chicago Tribune*, September 10, 2015. Available at <http://www.chicagotribune.com/news/local/breaking/ct-chicago-internet-streaming-tax-lawsuit-met-20150910-story.html>.

Electricity Use Tax (per kilowatt hour)

This tax applies to electricity usage per kilowatt hour per month and is reflected on electric bills. The tax rates vary based on usage for residential customers (non-residential customers pay as a percentage of the purchase price). As with the Electricity Infrastructure Maintenance Fee, this tax is applied using a range based on monthly kilowatt hours of usage.

(35 ILCS 640/2-1ff and 220 ILCS 5/9-222)

(65 ILCS 5/8-11-2(3))

(City of Chicago Municipal Code, Chapter 3-53)

Firearm and Ammunition Taxes

Cook County imposes a tax on the retail purchase of a firearm of \$25.00 per firearm, effective April 1, 2013. The Cook County Board of Commissioners adopted the ordinance on November 9, 2012 as part of the FY2013 budget. For FY2016, the Board voted to add a tax on firearm ammunition which includes a \$0.05 on centerfire cartridges and a \$0.01 on rimfire cartridges and will go into effect on June 1, 2016. The State of Illinois also requires residents to register for a Firearm Owners Identification Card in order to purchase a firearm. The card has a fee of \$10.00 for a ten-year term. The purchase of firearms and ammunition is also subject to the sales tax on general merchandise.

(Code of Ordinances of Cook County, Illinois, Chapter 74, Article XX (Ordinance No. 15-6469))

(430 ILCS 65/3)

Fountain Soft Drink Syrup Tax

This tax of 9.0% of syrup price is applied to businesses that sell soft drink syrup to retailers located in Chicago or retailers selling fountain soft drinks in the City of Chicago where the tax was not remitted to the distributor.

(65 ILCS 5/8-11-6b(c))

(City of Chicago Municipal Code, Chapter 3-45)

Hotel Operators' Tax

On May 1, 2016, Cook County will begin charging a 1.0% hotel operations tax on gross receipts. The effective rate will be 1.1%. The total rate is expressed as an effective rate because four levels of government tax gross hotel operator receipts while two levels tax net receipts. The State of Illinois, Chicago, Cook County and Illinois Sports Facilities Authority hotel taxes are all taxes on gross receipts, including tax receipts. In order to compensate for this structure and not double-tax, the rates are expressed as a fraction of total receipts, excluding the receipts from collecting the Metropolitan Pier and Exposition Authority tax and the City of Chicago home rule hotel tax. The latter two taxes are applied to net receipts or base charges paid by guests.

Hotel Operators' Tax: Effective Rates			
State	$(6\% \text{ of } 94\%) \times (1\% \text{ Municipal} + 2\% \text{ ISFA} + 1\% \text{ Cook County}) + 6\%$	=	6.2%
Municipal	$(1\% \text{ of } 99\%) \times (6\% \text{ State} + 2\% \text{ ISFA} + 1\% \text{ Cook County}) + 1\%$	=	1.1%
ISFA	$(2\% \text{ of } 98\%) \times (6\% \text{ State} + 1\% \text{ Municipal} + 1\% \text{ Cook County}) + 2\%$	=	2.2%
Cook County	$(1\% \text{ of } 99\%) \times (6\% \text{ State} + 2\% \text{ ISFA} + 1\% \text{ Municipal}) + 1\%$	=	1.1%
MPEA			2.5%
City of Chicago			4.5%
Total			17.6%

Source: Illinois Legislative Research Unit Tax Handbook for Legislators, 31st Edition March 2015, page 45 and calculations made by the Civic Federation.

The Hotel Operators' Tax is the only tax available to the Illinois Sports Facilities Authority. The City of Chicago tax also applies to online sales. As part of the FY2008 City of Chicago budget the Council amended the law to clarify that the law applies to online sales effective November 13, 2007. Permanent residents of a lodging place are exempt from the tax.

On November 2, 2011, the Chicago City Council passed an ordinance increasing the Hotel Operators' Tax from 3.50% to 4.50% effective January 1, 2012.

(35 ILCS 145/3)

(65 ILCS 5/8-3-13)

(70 ILCS 3205/19)

(70 ILCS 210/13(c))

(City of Chicago Municipal Code, Chapters 3-24 and 3-40, Article VII)

(Code of Ordinances of Cook County, Chapter 74, Article XXI, (Ordinance No. 15-6468))

Liquor Tax (per gallon)

This tax is applied to the making or distribution of alcoholic beverages in Illinois and is passed on to consumers. There are different rates for beer, wine and liquor based on alcohol content. The federal tax on distilled liquor, which taxes distilled alcohol at a rate of \$13.50 per one gallon of 100-proof liquor, is the only tax on alcohol in Chicago that considers the proof of the distilled alcohol rather than percentage of alcohol.

The Cook County Board of Commissioners adopted an ordinance increasing the County's alcohol beverage taxes effective January 2, 2012. The composite rates per gallon including federal, state, Cook County and Chicago rates are reflected in the following list: \$1.19 per gallon of beer, \$3.06 per gallon of wine 14.0% or less in alcohol, \$6.13 for wine over 14.0% but under 20.0% in alcohol. The composite tax rate for liquor over 20.0% alcohol content varies depending on the proof of the alcohol. The composite tax on one gallon of 100-proof alcohol equals \$27.23. The taxes on a 750 ml bottle of 80-proof liquor would be \$2.14 in federal taxes, \$1.69 in State taxes, \$0.50 in County taxes and \$0.53 in City taxes totaling a composite tax of \$5.49. The composite per gallon rate also increased when a tax increase levied by the State of Illinois took effect on September 1, 2009. The liquor tax is also subject to the sales tax on general merchandise.

(26 USC Sec. 5001)

(235 ILCS 5/8-1ff)

(Code of Ordinances of Cook County, Illinois, Chapter 74, Article IX)
(City of Chicago Municipal Code, Chapter 3-44)

Motor Fuel Tax (per gallon)

The fuel tax is included in the retail price of diesel, gasoline and special fuel (aircraft fuel is exempt). The State tax includes \$0.003 per gallon for the Underground Storage Tank Fund and a \$0.008 per gallon environmental impact fee. Most motor fuel is also subject to the sales tax on general merchandise. However, there are several point-of-sale exemptions from the general merchandise sales tax: gasohol is 20.0% exempt, majority blended ethanol is 100.0% exempt, biodiesel blends with less than 11.0% bio-content are 20.0%. The motor fuel tax is also subject to the sales tax on general merchandise.

(26 USC Sec. 4081 and 26 USC Sec. 4041)
(35 ILCS 105/3-10)
(35 ILCS 505/1 ff)
(35 ILCS 505/2a and 415 ILCS 125/301 ff)
(Code of Ordinances of Cook County, Illinois, Chapter 74, Article XII)
(City of Chicago Municipal Code, Chapter 3-52)

Natural Gas Utility Tax

The State rate for the natural gas tax is the lesser of \$0.024 per therm of gas sold to each customer or 5.0% of gross revenue from each customer. The City of Chicago rate is 8.0% of gross receipts. These taxes are passed on to consumers on their gas bills.

(35 ILCS 615/1ff and 220 ILCS 5/9-222)
(35 ILCS 173/5-1ff)
(65 ILCS 5/8-11-2)
(City of Chicago Municipal Code, Chapter 3-40, Article II)

New Motor Vehicle Tax

Cook County applies this tax to all sales of new motor vehicles in the County. Different rates apply per number of wheels, but a standard four-wheel passenger car is chosen for the example in this report's chart. The range is from \$7.50 on a two-wheeled vehicle to \$22.50 on a truck or trailer. This tax is imposed in addition to all other applicable sales taxes.

(Code of Ordinances of Cook County, Illinois, Chapter 74, Article VI)

Parking Tax

This tax applies to businesses that operate parking lots, which must collect the tax from customers. The City of Chicago and Cook County impose a percentage-based tax system. As of January 1, 2015, the City charges a 20.0% tax for parking on weekends and a 22.0% tax for parking on weekdays. This is a two percentage point increase from the prior rates. The City also increased the tax for weekly and monthly parking rates, from 20.0% to 22.0% effective January 1, 2015. Effective September 1, 2013, the County charges a tax between 6.0% and 9.0%,

depending on the charge or fee and length of time. Also as of January 1, 2015, the City began requiring valet operators to pay a tax of 20.0% on all charges or fees received from their valet parking operations in the City.

*(Code of Ordinances of Cook County, Illinois, Chapter 74, Article XIII)
(City of Chicago Municipal Code, Chapter 4-236)*

Personal Property Lease Transaction

The City of Chicago lease transaction tax applies to businesses or individuals that either are a lessor or lessee of personal property in Chicago, including leases for automobiles, at a rate of 9.0%. The lessor does not bear the burden of the tax, but is responsible for collecting the tax from the lessee. The rate increased from 6.0% to 8.0% with the November 13, 2007 approval of the FY2008 City Budget. On November 19, 2014, as part of its FY2015 Budget, an amendment was made that increased the rate of this tax one percentage point to 9.0%, effective January 1, 2015. There are various exemptions such as the lease of motion picture films (subject to Amusement Tax instead), lease of rolling stock used for interstate commerce and leases where the lessor and lessee are part of the same related group. The Personal Property Lease Transaction Tax Ruling #12 interpreted that the existing 9.0% tax on nonpossessory computers applies to transactions that provide data to customers, e.g. LexisNexis, and companies that provide storage, e.g. Dropbox. Real estate brokers and certain other professions are exempt from the tax due to the fact that they use data shared in the cloud as part of a membership in a private association. The tax was supposed to go into effect in September 1, 2015, but was postponed until January 1, 2016. The Chicago City Council approved a number of ordinance amendments to the tax as part of the FY2016 budget process, exempting small new businesses, i.e. those businesses with less than \$25.0 million in gross receipts or sales and less than 60 months in business, from the tax and imposed a lower rate of 5.25% for “cloud” products.

An ordinance passed in 2006 originally exempted car sharing from the personal property lease tax, but effective January 1, 2015, the exemption was eliminated so that all vehicle rentals are subject to the lease law.

(City of Chicago Municipal Code, Chapter 3-32; and Substitute Ordinance 2015-7403, Amendment of Municipal Code regarding various fines and fees, 2016 Revenue Ordinance, Article I)

Real Estate Transfer Tax

This tax is imposed upon the privilege of transferring title to, or beneficial interest in, real property. On April 1, 2008, an additional 0.3% was added to the City of Chicago portion of the tax to be transferred to the Chicago Transit Authority. The 0.3% CTA portion of the City real estate transfer tax is paid by the seller. The State and county real estate transfer taxes are also owed by the seller at the rate of 0.1% and 0.05%, respectively. The City of Chicago 0.75% home rule tax is paid by the buyer. Of the total 1.2% rate, 0.45% is paid by the seller and 0.75% is paid

by the buyer. There are various exemptions to the City portions of the tax. For example, sales under \$500 are not taxed, nor are bankruptcies or Enterprise Zone transfers.

(35 ILCS 200/31-10)

(55 ILCS 5/5-1031)

(65 ILCS 5/8-3-19(i))

(Code of Ordinances of Cook County, Illinois, Chapter 74, Article III)

(City of Chicago Municipal Code, Chapter 3-33)

Restaurant Tax

The restaurant tax is imposed on the selling price of all food and beverages sold at retail by a place for eating. The City of Chicago and the Metropolitan Pier and Exposition Authority levy a restaurant tax for a combined rate of 1.25% in the MPEA area (noted under the table below). Chicago's 0.25% restaurant tax applies to the entire area of the City. These rates are in addition to the sales tax on general merchandise, which applies to prepared food purchases. The following table shows the total tax rate levied on prepared foods, including the sales tax and restaurant tax.

Taxes on Prepared Food As of January 1, 2016		
	Chicago MPEA¹	Chicago - not MPEA
State Sales	5.00%	5.00%
Municipal Sales²	1.00%	1.00%
County Sales (to RTA)³	0.25%	0.25%
Cook County Home Rule Sales	1.75%	1.75%
RTA Sales	1.00%	1.00%
City of Chicago Home Rule Sales	1.25%	1.25%
MPEA Restaurant	1.00%	0.00%
Chicago Restaurant	0.25%	0.25%
Composite Rate	11.50%	10.50%

¹ The MPEA area consists of Stevenson Expressway (south), Ashland Avenue (west), Diversey Avenue (north), Lake Michigan (east), O'Hare Airport and Midway Airport.

² This rate also applies to Cook County unincorporated areas.

³ In Cook County only, this portion is allocated to the RTA rather than to the County.

Source: Illinois Legislative Research Unit Tax Handbook for Legislators, 31st Edition, March 2015, p. 112.

Changes that have impacted the composite restaurant tax rates include:

- MPEA restaurant tax imposed October 1, 1992;
- Chicago restaurant tax imposed April 1, 2004;
- Chicago home rule sales tax increase of 0.25%, effective July 1, 2005 (see sales taxes section of the narrative for more detail on changes in this tax);
- RTA sales tax increase of 0.25%, effective April 1, 2008 (see sales taxes section of the narrative for more detail on changes in this tax);
- Cook County home rule sales tax increase of 1.0%, effective July 1, 2008;
- Cook County home rule sales tax decrease of 0.50%, effective July 1, 2010;

- Cook County home rule sales tax decrease of 0.25%, effective January 1, 2012;
- Cook County home rule sales tax decrease of 0.25%, effective January 1, 2013; and
- Cook County home rule sales tax increase of 1.0%, effective January 1, 2016 (see sales taxes section of the narrative for more detail on changes in this tax).

(65 ILCS 5/8-11-6a)

(70 ILCS 210/13b)

(City of Chicago Municipal Code, Chapter 3-30)

Sales Taxes

“Sales” taxes in Illinois are actually composed of two matching pairs of taxes: retailers’ occupation and use taxes and service occupation and use taxes. For simplicity, we refer to them as sales taxes. The sales tax on general merchandise applies to tangible items except food and drugs but includes alcoholic beverages, soft drinks and food prepared for immediate consumption. Various exemptions apply. The sales tax on food and drugs applies to food purchased for consumption off the premises, prescription and non-prescription drugs. The 1.00% municipal tax is collected by the State and distributed to municipalities. For all counties in Illinois except Cook County a 0.25% county tax on general merchandise is collected by the State and distributed to counties. In Cook County the 0.25% tax is collected by the State and allocated to the Regional Transportation Authority (RTA).

The following table summarizes local government sales tax rates on general merchandise in Chicago, Suburban Cook County, DuPage County and other collar counties (e.g., Kane, Lake, McHenry and Will Counties) and their composite sales tax rates.

Sales Tax on General Merchandise As of January 1, 2016				
	Chicago	Suburban Cook County	DuPage County	Other Collar County
State	5.00%	5.00%	5.00%	5.00%
Municipal*	1.00%	1.00%	1.00%	1.00%
County**	0.25%	0.25%	0.25%	0.25%
Cook County Home Rule	1.75%	1.75%	-	-
RTA	1.00%	1.00%	0.75%	0.75%
DuPage Water***	-	-	0.25%	-
Municipal Home Rule	1.25%	0.50% to 2.00%	0.50% to 1.50%	0.25% to 2.00%
Composite Rate****	10.25%	9.50% to 11.00%	7.75% to 8.75%	7.25% to 9.00%

*This rate also applies to county unincorporated areas.

**In Cook County only, this portion is allocated to the RTA rather than to the county.

***Per Public Act 96-1389, the DuPage Water Commission sales tax is scheduled to sunset June 1, 2016.

****Some municipalities may have business improvement district sales taxes that raise local totals above the ranges shown in this chart.

Note: City and County home rule sales taxes must be implemented in 0.25% increments.

Source: Illinois Legislative Research Unit 2015 Tax Handbook for Legislators, p. 112.

Recent changes that have impacted the composite sales tax rates of these regions include:

- Chicago home rule was imposed at 1.0% on August 1, 1981 and increased by 0.25% on July 1, 2005;
- RTA tax increased by 0.25% on both general sales and food and drugs (plus an additional 0.25% in collar counties for their road projects), effective April 1, 2008;
- Cook County home rule was imposed at 0.75% on September 1, 1992 and increased to 1.75% effective July 1, 2008;
- Cook County home rule sales tax decreased to 1.25% effective July 1, 2010;
- On February 25, 2011, the Cook County Board of Commissioners passed an ordinance amendment proposed by Board President Preckwinkle to lower the County's home rule sales tax to 1.0% beginning in January 2012 and to 0.75% beginning January 2013. The amendment constituted the full repeal of the one cent increase in the sales tax passed in 2008 and reduced the composite sales tax rate in Chicago from 9.75% to 9.50% in January 2012 and to 9.25% in January 2013;
- Effective January 1, 2015, the State of Illinois expanded⁵ the type of out-of-state retailers required to register in Illinois and collect and remit Use Tax. Collection and remittance of the Use Tax now applies to out-of-state retailers and servicemen that satisfy the following criteria:
 - The out-of-state retailer has a contract with a person in Illinois;
 - Under the contract, the person in Illinois refers potential customers to the retailer and the retailer pays to the person in Illinois a commission or other consideration based on the sale of tangible personal property by the retailer;
 - The person in Illinois provides to the potential customers a promotional code or other mechanism that allows the retailer to trace the purchases made by these customers; and
 - The retailer made cumulative gross sales of \$10,000 during the preceding four quarterly periods to customers referred by persons located in Illinois, regardless of the location of the customers; and
- Beginning on January 1, 2016, the Cook County sales tax will increase by one percentage point bringing the total sales tax in the City of Chicago to 10.25%.

The following table notes local government sales taxes on food and drugs levied in Chicago and their composite rates. Prior to 1980, food, drugs and medical appliances were taxed at the full

⁵ Public Act 98-1089, 35 ILCS 105/2(1.1) and 35 ILCS 110/2(1.1); Illinois Department of Revenue Informational Bulletin: Important Notice of Changes to Out-of-State Retailers, December 2014, <http://www.revenue.state.il.us/Publications/Bulletins/2015/FY-2015-07.pdf>

sales tax rate. However, in that year, a rate reduction was applied to food and both prescription and non-prescription drugs.

Sales Tax on Food and Drugs As of January 1, 2016				
	Chicago	Suburban Cook County	DuPage County	Other Collar Counties
Municipal*	1.00%	1.00%	1.00%	1.00%
RTA	1.25%	1.25%	0.75%	0.75%
Composite Rate	2.25%	2.25%	1.75%	1.75%

*This rate also applies to county unincorporated areas.

Source: Illinois Legislative Research Unit 2015 Tax Handbook for Legislators, p. 113.

Changes that have impacted the composite sales tax rate on food and drugs in Chicago include an RTA tax increase effective April 1, 2008 (see note under General Merchandise above).

On September 1, 2009, a law passed by the General Assembly went into effect redefining certain items subject to the food and drugs sales tax. According to the new law, the items that were previously subject to the reduced 1.0% food and drugs sales tax were now subject to the full 6.25% general merchandise sales tax. Under the new law, candy is defined as a preparation of sugar, honey or other sweeteners in combination with chocolate, fruits, nuts or other ingredients, but not as a preparation containing flour. Candy containing flour such as Twix and Kit Kats are taxed at the lower food and drugs rate, while candy not containing flour such as Snickers is taxed at the higher general merchandise rate. In addition, the new law no longer categorizes grooming and hygiene products as nonprescription medicines and drugs. As such, shampoo and toothpaste products that were previously considered medication are now subject to the 6.25% tax rate rather than the 1.0% tax rate.

The following table summarizes composite sales tax rates in the City of Chicago from 1969 to 2016.

City of Chicago Composite Sales Tax Rates: 1969-2016													
	1969	1981	1983	1984	1990	1992	2005	2008	2010	2012	2013	2015	2016
State	4.00%	4.00%	4.00%	5.00%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Chicago		1.00%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
RTA			0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Cook County						0.75%	0.75%	1.75%	1.25%	1.00%	0.75%	0.75%	1.75%
Total	4.00%	5.00%	5.75%	6.75%	8.00%	8.75%	9.00%	10.25%	9.75%	9.50%	9.25%	9.25%	10.25%

Source: Legislative Research Unit 2015 Tax Handbook for Legislators, pp. 112 and Cook County Use Tax Chapter 74 Taxation, Article VII Use Tax, Section 74-272.

The following table notes sales tax rates in selected U.S. cities with populations over 200,000. As of January 1, 2016, the composite sales tax rate in Chicago increased one percentage point from the previous year to 10.25%, making the City's tax rate the highest among selected U.S. cities.

- (35 ILCS 105/1 ff – use tax)*
- (35 ILCS 120/1 ff – retailers' occupation tax)*
- (35 ILCS 110/1 ff – service use tax)*
- (35 ILCS 115/1 ff – service occupation tax)*
- (55 ILCS 5/5-1006 and 5/5-1007)*

(65 ILCS 5/8-11-1, 5/8-11-5 and 5/8-11-6)
 (70 ILCS 3615/4.03)
 (70 ILCS 3615/4.09(b)(1))
 (Code of Ordinances of Cook County, Illinois, Chapter 74, Articles IV and V)
 (City of Chicago Municipal Code, Chapters 3-27 and 3-28; 3-40-10 and 3-40-430)

Sales Tax Rates for Selected Cities in the United States as of January 1, 2016	
Chicago, IL	10.250%
Montgomery, AL	10.000%
Seattle, WA	9.600%
Memphis, TN	9.250%
Los Angeles, CA	9.000%
New Orleans, LA	9.000%
New York City, NY	8.875%
St. Louis, MO	8.679%
Oklahoma City, OK*	8.375%
Phoenix, AZ	8.300%
Houston, TX	8.250%
Minneapolis, MN	7.775%
Columbus, OH	7.500%
Gary, IN	7.000%
Indianapolis, IN	7.000%
Cincinnati, OH	7.000%
Detroit, MI	6.000%
Madison, WI	5.600%
Milwaukee, WI	5.600%

*Sales tax rate for Oklahoma City only reflects the tax rate for the part of Oklahoma City located within Oklahoma County.

Sources: Information provided by the City of Birmingham Revenue Department on December 14, 2015; City of Montgomery Finance Department on December 14, 2015; the Washington State Department of Revenue on December 14, 2015; the City of Phoenix Tax and License Department on December 14, 2015; the City of Memphis Division of Finance on December 14, 2015; the New York City Department of Finance on December 14, 2015; the City of Los Angeles Office on Finance on December 14, 2015; the Missouri Department of Revenue on December 14, 2015; the City of Oklahoma Finance Department on December 14, 2015; the City of Houston Finance and Administration Accounting Services Division on December 14, 2015; the Indiana Department of Revenue on December 14, 2015; the State of Ohio Taxation Department on December 14, 2015; the City of Northville, Michigan Department of Finance and Administration on December 14, 2015; and the Wisconsin Department on Revenue on December 14, 2015.

Soft Drink Tax

The Chicago Home Rule Municipal Soft Drink Retailers' Occupation Tax allows the city to collect a 3.0% tax on gross receipts from sellers of soft drinks (non-alcoholic beverages that contain natural or artificial sweeteners and less than 50.0% juice). It includes sales from vending

machines but excludes fountain drinks, which are taxed separately. The State collects this revenue and distributes it to Chicago. The soft drink tax is also subject to the sales tax on general merchandise.

*(35 ILCS 120/2-10 and 65 ILCS 5/8-11-6b(b))
(City of Chicago Municipal Code, Chapter 3-45-040)*

Telecommunications Excise Tax

This tax applies to transmission of phone, wire, computer exchange and similar communications. The City of Chicago and State of Illinois both impose a 7.0% rate. The City also levies a tax for 911 emergency services. Effective September 1, 2014, this tax increased from \$2.50 per phone connection per month for 911 emergency services to \$3.90 per phone connection per month. The 911 surcharge on prepaid wireless phones tax rate increased on September 1, 2014 from 7.0% to 9.0%, which the State of Illinois administers and enforces. The rate for Chicago's 911 tax previously increased from \$1.25 to \$2.50 with the November 13, 2007 approval of the FY2008 City Budget, and the surcharge on prepaid wireless service became effective on January 1, 2012.

*(26 USC Sec. 4251)
(35 ILCS 630)
(35 ILCS 636)
(50 ILCS 750, 751 and 753)
(Public Act 97-0463)
(City of Chicago Municipal Code, Chapters 3-64; 3-73 and 7-50)*

Tire Fee

The City of Chicago Tire Fee applies to the retail sale of new tires at a rate of \$1.00 per tire and is in addition to the sales tax. It went into effect in 2005. The State levies a \$2.50 tax on all new or used tires, except tires sold by mail, tires sold while mounted on a vehicle or used or reprocessed tires. The sale of new tires is also subject to the sales tax on general merchandise.

*(415 ILCS 5/55.8)
(City of Chicago Municipal Code, Chapter 3-55)*

Tobacco Taxes

Cigarette Tax (per pack)

Cigarette packs typically have 20 cigarettes. State and local laws specify tax per cigarette, but per pack is used here for simplicity. On April 1, 2009, the federal tax on cigarettes increased by \$0.62 to \$1.0066 per pack. Effective June 24, 2012, the State of Illinois increased its cigarette tax by \$1.00 from \$0.98 per pack of cigarettes to \$1.98. Effective July 1, 2012, the State also expanded its definition of cigarettes to include little cigars. With the approval of the FY2013 budget, Cook County increased its tax on cigarettes from \$2.00 per pack to \$3.00 per pack, effective March 1, 2013. With the approval of the FY2014 budget, the City of Chicago increased its tax on cigarettes from \$0.68 per pack to \$1.18 per pack, effective January 10, 2014. The total

tax per-pack in the City of Chicago is now \$7.16. The cigarette tax is also subject to the sales tax on general merchandise.

(26 USC Sec. 5701)

(35 ILCS 130/1ff and 35 ILCS 135/1ff)

(Code of Ordinances of Cook County, Illinois, Chapter 74, Article XI)

(City of Chicago Municipal Code, Chapter 3-42)

Other Tobacco Taxes

Federal, state and local governments also tax other tobacco products as described below. Cook County began taxing these products effective March 1, 2012. As of January 1, 2013 County taxes on tobacco include \$0.60 per ounce of smoking tobacco and smokeless tobacco, \$0.05 per little cigar and \$0.30 per large cigar. There is no City of Chicago municipal tax on these products.

The State of Illinois imposes a tax on the wholesale price for non-cigarette tobacco products. Effective July 1, 2012, the State tax on the wholesale price for non-cigarette tobacco products increased from 18.0% to 36.0%. Effective August 1, 2012, roll-your-own cigarette machine operators are required to pay an annual license fee of \$250. While this fee is not a consumer tax, the additional cost may be passed onto consumers. Cigarettes sold by roll-your-own establishments are also subject to the State's regular cigarette tax of \$1.98 per pack. As of January 1, 2013, moist snuff tobacco products are taxed at \$0.30 per ounce. Previously, moist snuff was taxed at its wholesale price and categorized under smokeless tobacco.

Federal government taxes on tobacco products range from \$0.03 per ounce for smokeless tobacco to \$0.18 per ounce for smoking tobacco. Large cigars are taxed by the federal government at 52.75% of the sale price, up to approximately \$0.40 per cigar.

In 2016 the City of Chicago and Cook County will begin imposing a tax on liquid nicotine products. Chicago will impose a tax at the rate of \$0.80 per product unit and \$0.55 per fluid milliliter of liquid nicotine, effective January 1, 2016. Effective May 1, 2016, Cook County will begin imposing a tax at the rate of \$0.20 per fluid milliliter on liquid nicotine products.

The sale of other tobacco products is also subject to the sales tax on general merchandise.

(26 USC 5701)

(35 ILCS 143/10-1ff)

(Code of Ordinances of Cook County, Illinois, Chapter 74, Article XI, (Ordinance No. 15-6025))

(City of Chicago Municipal Code 3-47 and Ordinance 2015-7826)

Wheel Tax

The City of Chicago Wheel Tax is the equivalent of the State vehicle registration tax and is due annually. There are different rates for different sizes and types of vehicles. Effective January 1, 2014, the City's wheel tax increased by \$10.97 to \$85.97 for smaller passenger automobiles and by \$16.54 to \$136.54 for larger passenger automobiles. Beginning in 2014 and every two years thereafter, applicable license fees are adjusted by the rate of inflation, capped at 5.0%. Cook

County also imposes a wheel tax on vehicles in unincorporated parts of the county. The rates for residents of unincorporated Cook County increased from \$40 to \$80 for smaller passenger automobiles and from \$50 to \$100 for larger passenger vehicles effective July 1, 2012.

The per small passenger automobile rate collected by the State for vehicle registration increased from \$79.00 to \$99.00 on January 1, 2010 with the adoption of Public Act 96-34.

(625 ILCS 5/2-119, 625 ILCS 5/3-801 to 5/3-834 and 625 ILCS 5/6-118)

(City of Chicago, Amendment of Municipal Code, Chapter 3-56)

(Code of Ordinances of Cook County, Illinois, Chapter 74, Article XIV)

APPENDIX: OTHER SELECTED NON-CONSUMER TAXES

Ground Transportation Taxes

This tax applies to businesses that provide ground transportation vehicles for hire in Chicago to passengers for a charge or other consideration in whatever form. As part of the FY2016 budget process the Chicago City Council increased the tax imposed on both rideshare and non-rideshare ground transportation vehicles.⁶ Chicago taxicab operators' rate of tax increased to \$98.00 per vehicle per month from \$78.00 per vehicle per month. Suburban taxicab operators' daily rate increased from \$3.00 per vehicle per day to \$3.50 per vehicle per day and the maximum monthly rate increased from \$78.00 per vehicle per month to \$98.00 per vehicle per month. The Council also increased the tax imposed on rideshare transportation vehicle operators with a maximum seating capacity of ten passengers from \$0.20 per ride accepted to \$0.40 per ride accepted for Class A rideshare operators and \$0.80 per ride accepted for Class B rideshare operators, in addition to the daily rate of \$3.50 per vehicle per day for both classes. Additionally, both Class A and Class B rideshare drivers are now allowed to provide pick-up or drop-off service at Chicago's O'Hare and Midway airports, McCormick Place and Navy Pier at the rate of \$5.40 and \$5.80, respectively. Transportation network providers may claim a credit of 50% of the tax if the ride includes a pick-up or drop-off in an area designated as being underserved. Other vehicles for hire that are both rideshare and non-rideshare transportation vehicles are taxed at different daily rates ranging from \$3.50 to \$9.00 based on seating capacity. Pedicab operators pay a tax of \$1.00 per pedicab per day.

(City of Chicago Municipal Code, Chapter 3-46)

(Substitute Ordinance 2015-7403, Amendment of Municipal Code Titles 2, 3, 5, 7, 9, 11 and 13 concerning various fines and fee (2016 Revenue Ordinance, Article XI))

Property Tax

The property tax applies to the equalized assessed value of real property. The most recent available rates are for tax year 2014 (payable in 2015). The full composite tax rate for most Chicago real estate was 6.81% in tax year 2014. The base property tax levy for the City of Chicago in FY2016 will increase to \$1.26 billion and will increase in FY2017 and FY2018 by \$53.0 million and \$63.0 million, respectively.

(See Cook County Clerk 2014 Tax Rate Report at

<http://www.cookcountyclerk.com/tsd/DocumentLibrary/2014%20Tax%20Rate%20Report.pdf>)

⁶ For the purposes of this report rideshare transportation vehicles are defined as those transportation drivers that utilize mobile applications provided by companies, such as Uber and Lyft to request transportation services. Non-rideshare transportation vehicles are defined as taxicabs that operate under a metered fare system.