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CITY COUNCIL APPROVES ORDINANCE RAISING 911 PHONE SURCHARGE TO FUND 911 CENTER AND OEMC, DROP PROPERTY TAX INCREASE

Elected Officials Work Together to Eliminate Property Tax Increase as Approximately \$50 Million in Corporate Funds Will Be Freed Up to Pay for Muni-Laborers Pension Plans

City Council today approved an ordinance proposed by Mayor Rahm Emanuel and 38 Aldermen that will raise the monthly emergency service surcharge on phone lines to fully fund the 911 center and Office of Emergency Management and Communications (OEMC), while also allowing \$50 million to be contributed for the first payment to municipal and laborer pension plans under the recent pension reform legislation without a property tax increase.

"Property tax increases can now be off the table this year, and this ordinance will allow us to pass four consecutive budgets without raising property, sales or gasoline taxes," said Mayor Emanuel. "By working with many Aldermen to identify an alternative revenue source, the City is living up to its obligations to fund the retirement of more than 61,000 workers and retirees in the municipal and laborers fund."

This ordinance increases the monthly wireless line and landline surcharge by \$1.40 to \$3.90 per line and the prepaid surcharge to 9 percent. The increase will be effective September 1 for wireless lines and landlines and effective October 1 for prepaid.

By adopting the increases this year, officials expect to generate an estimated additional \$12 million in 2014 and an additional \$40 million in 2015. This revenue will support OEMC and fund a vital emergency service for residents, while allowing the corporate fund to end its subsidy of the 911 center and instead make the additional \$50 million payment required for the first year under the reform plan for the to the Municipal Employees and Laborers pension funds.

The phone surcharge is authorized by State law and was recently renewed by the General Assembly. The legislation caps Chicago's fee to the highest level in Illinois as of January 1, 2014, which is the same level as the fee in Putnam County. The current highest fee in Illinois is \$5, which was imposed by Kenilworth on June 1.

The surcharge revenue must be spent on 911, anti-terrorism, or emergency preparedness related activities. The City has at least \$140 million in expenses that can be covered by the charge, including the \$123 million cost of running OEMC, and another \$17 million in information technology expenses, planning and preparedness costs.

By funding OEMC and these activities with the surcharge, the corporate fund can provide the resources for the pension payment.

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