



OFFICE OF THE MAYOR
CITY OF CHICAGO

FOR IMMEDIATE RELEASE

November 2, 2011

CONTACT:

Mayor's Press Office

312.744.3334

press@cityofchicago.org

**MAYOR EMANUEL APPLAUDS CITY COUNCIL FOR ENDING HEAD TAX FOR CHICAGO
BUSINESSES**

Pledge to end tax that punishes Chicago businesses honored, phase out will be complete in 2014

Today, Mayor Rahm Emanuel applauded the City Council for passing a City ordinance that ends the City's "Head Tax" – fulfilling a pledge made by the Mayor and the Administration to phase out the tax which is a deterrent for businesses to start and grow in the City. Under the Mayor's plan the "Head Tax" will be reduced by 50 percent in 2012 with its complete elimination occurring in 2014.

"The Head Tax is a job killer," said Mayor Rahm Emanuel. "Eliminating the head tax is the right thing to do for businesses big and small and it's the right thing to do to secure Chicago's future. With this step, Chicago has become an even better place to start a business and we've enabled those businesses to create more jobs for Chicagoans."

Currently, businesses with more than 50 employees are charged \$4 dollars per employee in a "Head Tax." Approximately 2,700 Chicago companies registered and remitted the "Head Tax" contributing approximately \$35 million in revenue in 2009 and 2010.

At present Chicago unemployment is approximately 10 percent, one of the highest in the country. Phasing out the "Head Tax" will help encourage businesses to hire more employees that will help boost the local economy. The \$20 million in annual revenue that will be returned back to these businesses will have a multiplier effect that can occur through the hiring of new workers as well as the purchase of new supplies and increased consumer consumption.

Owners from large corporations to small businesses have long contended that the "Head Tax" is a deterrent to business growth. During a visit Mayor Emanuel made to Chicago's Ford Assembly Plant, executives attributed the "Head Tax" as a deterrent to the company's desire to expand and hire more employees in Chicago. As outlined in Mayor Emanuel's Transition Report, the "Head Tax" particularly penalizes medium-sized businesses, which runs counter to the City's goals to generate new jobs for Chicagoans. Alderman Tom Tunney (44th Ward), himself a small business owner, has been a strong advocate for ending the "Head Tax" and commended the Mayor for his decision.



OFFICE OF THE MAYOR
CITY OF CHICAGO

“I applaud Mayor Emanuel and his support for eliminating this tax, which has had a negative impact on the ability of Chicago companies to hire new workers,” said 44th Ward Alderman Tom Tunney. “As I have said, the most important thing we can do is to provide every incentive for people to add to their payrolls. This will help create jobs, which will help the business climate and, ultimately our budget issues.”

The phase out of the “Head Tax” was introduced to the City Council on October 5th, and is part of the 2012 budget calculations. The proposed plan to phase out the \$4 dollar per employee tax will start with a reduction to \$2 per employee in July 2012 and to \$0 per employee in July 2014. The lost revenue of approximately \$20 million will be offset by reduction in duplicative regulatory requirements and increased efficiencies in the 2012 city budget.

Year	Period	Rate/ employee	Revenue	ANNUAL REVENUE	ANNUAL LOSS
2012	Jan-June	\$4	10,000,000		
	July-Dec	\$2	5,000,000	15,000,000	(5,000,000)
2013	Jan-June	\$2	5,000,000		
	July-Dec	\$2	5,000,000	10,000,000	(10,000,000)
2014	Jan-June	\$2	5,000,000		
	July-Dec	\$0	0	5,000,000	(15,000,000)

###