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Alumni Exchange: Coronavirus, its Disparate Economic Impact and Silver Linings:

Fiscal Impacts

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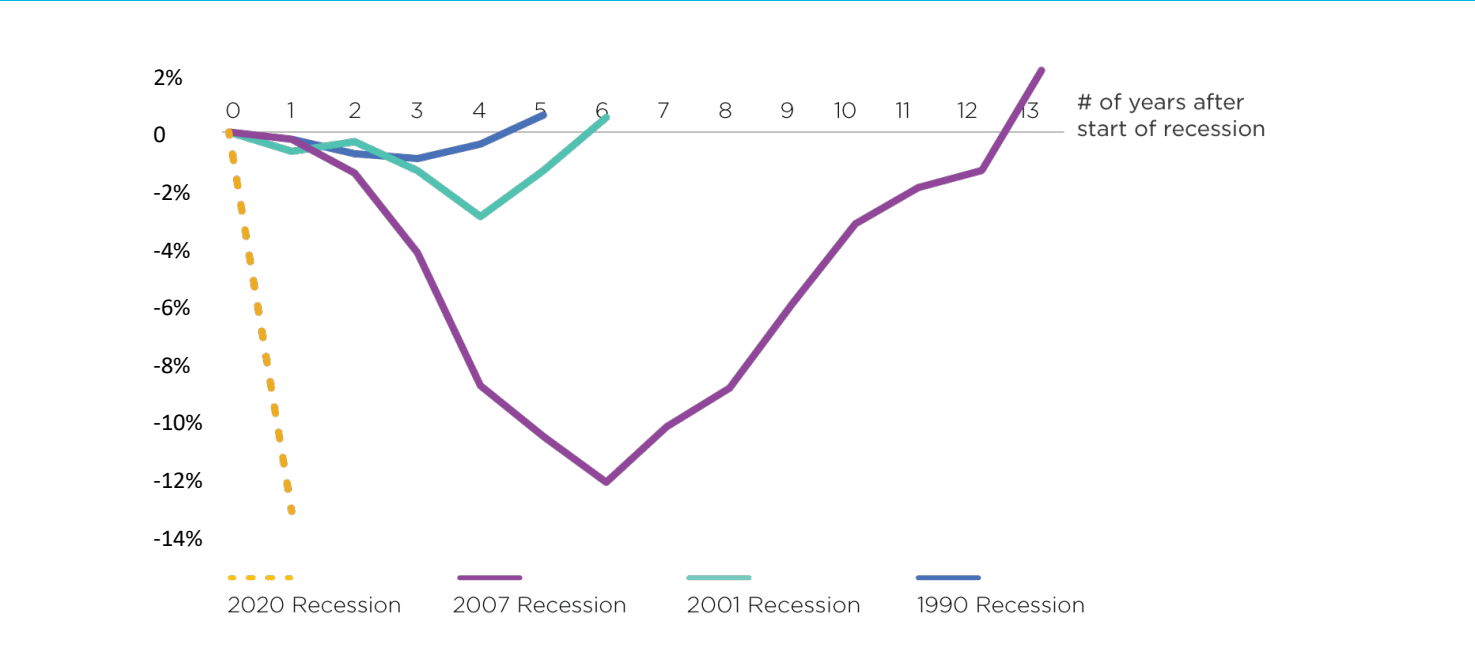
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Year-Over-Year Change in Cities' Sales, Income, and Property Tax Receipts



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Comparative Revenue Trends on City Revenue During Recent Recessions



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Source: National League of Cities, [City Fiscal Conditions 2020](#)



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State of Illinois & City of Chicago Finances

- State of Illinois
 - FY2020 income and sales tax revenue -4% less than 2019
 - FY2021 est. income and sales tax revenue -7% less than 2019
 - Balancing budget by borrowing
 - Fair Tax amendment on November 2020 ballot
- City of Chicago
 - FY2020 local tax revenue projected to be 28% less than budget
 - Increasing pension contributions will be ongoing challenge
 - Est. FY2022 contribution is 24% more than FY2021

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Little Federal Support for State + Local Governments

- Coronavirus Relief Fund
 - \$ is for spending tied to COVID-19 (e.g. public health expenses)
 - Can't be used for revenue shortfalls
- Municipal Liquidity Facility – Federal Reserve program to provide short-term loans to qualifying state and local governments
 - Initial criteria for inclusion excluded *all* major, majority Black cities
 - Not being used—99% of \$500 billion available unused



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An Opportunity to Re-Think State and Local Finances?

- Unfair property assessments make property taxes regressive
 - [Chicago Tribune's 2017 tax divide series](#)
 - Historical work by Andrew Kahrl
- Constraints on revenue raising capabilities
 - Property tax limits have greatest reduction in effective rates for white homeowners (Martin and Beck 2017)
- Growing importance of fines, fees and forfeitures
 - 10% of the City of Ferguson's budget was from petty fines and forfeits (Henricks and Seamster 2017)