Small Business Advocacy Council

HIGHER TAXES THREATEN BUSINESS GROWTH

The mayor's proposed budget relies on several new and expanded taxes. While we understand the need to close the budget gap, we strongly oppose these taxes, which would **harm small businesses** and signal that Chicago is **unwelcoming to investment**.

Proposed Changes:

The proposed budget would increase the Personal Property Lease Transaction Tax (PPLTT) from 15% to **20%**. The PPLTT was 9% in 2024. It would also tighten the definition of "small new businesses" that are exempt from taxes on cloud computing.

The proposed budget would impose a new tax on every employer who employs or contracts with 125 or more individuals (counting any worker who earns at least $4,300 per quarter). The tax would be $25 per month per employee who performs at least half of their work within the city. That's **$150,000 per year** for a business with 500 Chicago-based employees.

Finally, it would double the tax on liquor sales for off-premises consumption and create a tax on single-use packaging used to prepare, package, or ship goods sold at retail.

Potential Impact:

At 15%, Chicago's PPLTT is already the **highest in the nation**. No small business should have to pay a 20% tax on its software subscriptions.

The PPLTT also applies to tangible physical property. A neighborhood restaurant that leases an oven must pay it. A small party supply store that rents out chairs and tables must collect it. Another increase to the PPLTT would be **crippling** for Main Street businesses.

Although the head tax would not apply directly to small businesses, it would hurt businesses of all sizes by **discouraging** larger companies from investing in the city.

The liquor and packaging taxes would hurt small breweries, liquor retailers, and retailers that package or deliver goods, with minimal financial gain for the city.

We firmly believe Chicago must grow its way out of its fiscal crisis, and these taxes send **exactly the wrong message**. In the long run, they would discourage investment and push small businesses to close their doors.

Small Business Advocacy Council | www.sbacil.org | 312-548-8608 | aidan@sbacil.org