



How will Chicago's New Water Fees Impact Your Nonprofit?

Until recently, the City had the option to waive water fees to properties *owned* by non-profit, religious, and educational institutions. Last year, the Mayor's administration proposed a budget that would address the city's \$657 million budget deficit without raising taxes. As part of this proposal, the Mayor proposed charging water and sewage fees for nonprofits in order to pay for the city's water and sewage infrastructure upgrades. In November 2011, the City Council approved the Mayor's proposal to charge water usage fees on nonprofits and ***phase out*** the nonprofit exemption over time.

When is the new water fee in effect?

After the City Council approved the Mayor's budget proposal in November, all [new fee ordinances](#) went into effect as of **January 1, 2012**.

Is this a fee or a hidden tax on nonprofits?

From our analysis, this fee appears to be a tax. While most of the revenue generated goes into supporting water and sewage infrastructure, 20% will fund other government operations. Donors Forum opposes such a 'tax.' (See our media release [here](#).)

What kind of exemption can my nonprofit receive and how can my nonprofit apply for it?

- With the intention of decreasing and eventually eliminating them, the City has established a tiered structure for nonprofit fee exemptions, going forward.
- **The approximately 4000 nonprofits that received a 2011 exemption** will receive a 60% discount in 2012; 40% discount in 2013; and 20% discount in 2014. The City is in the process of re-certifying those organizations in order to continue giving them an exemption.
- **New 2012 applicants for an exemption will receive a 20% discount.** Applications filed through aldermanic offices are no longer allowed; applications for the exemption will be made available online through [the Dept. of Finance's website](#).
- Organizations with a budget or asset size above \$250 million will **not** receive an exemption.



Which kinds of nonprofits are eligible for an exemption from water fees going forward?

- Nonprofits that received a 2011 exemption (**2012**: 60% exemption; **2013**:40% exemption; **2014**: 20% exemption)
- Nonprofit organizations, who had *not* received an exemption in 2011 (20% exemption)
- Nonprofit hospitals that provide a disproportionate share of charity services (**2012**: 60% exemption; **2013**: 40% exemption; **2014**: 20% exemption)
- Public museums (20% exemption)

How is the water fee structured? And what about sewer rates?

Nonprofits are expected to pay the same rates as homeowners which are structured as follows:

- The 2011 rate was \$2.01/1000 gallons.
- The 2012 rate is \$2.51 (20% increase); 2013 will be \$2.89 (15%); 2014 will be \$3.32 (15%); and 2015 will be \$3.82 (15%).

To give a sense of scale, an Inspector General's 2010 report listed the top 25 nonprofits by exemption size; the largest, Misericordia Home, had an exemption of \$290,667. We expect fees to small nonprofits to be considerably smaller.

Sewer rates currently represent 86% of the gross water charge. These rates will eventually rise to 100% by 2015. In other words, if the water charge is \$125, the sewer charge will be \$107.50 (86% of \$125); the total bill will be \$232.50. In 2015, if the water charge is \$181.25, the sewer charge will be the same; the total bill will be \$362.50.

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