

COUNCIL WORKSHOP ITEM

ITEM: Home Rule Sales Tax Report
DATE: August 16, 2004
PREPARED BY: Michael Baker, Assistant Village Manager
PURPOSE: Presentation of Report to Initiate Discussion on Home Rule Sales Tax

DISCUSSION:

Attached please find a report that provides general information regarding the Village's home rule sales tax, including history, background and other relevant issues. Staff, in working through the Finance and Administration Committee, has outlined a process for the presentation of information and discussion of issues related to the home rule sales tax. Particularly, staff is interested in determining the desire of the Village Council as it pertains to the three-year sunset clause that was placed on the home rules sales tax at the time of adoption.

If the Village Council takes no additional action, the Home Rule Sales Tax will sunset, and no longer be applied to the purchase of goods in the Village effective July 1, 2006. The magnitude of this revenue loss, which at \$3.7 million annually represents just under 10% of the Village's General Fund revenues, is a concern to the Budget Team and will require considerable planning in order to maintain the Village's financial stability and ensure that Village services are not significantly impacted. At the time that the home rule sales tax was adopted, the attachment of the sunset clause contemplated that the Village's regular 1% sales tax would rebound from five consecutive years of no growth or slight decline.

The presentation and discussion planned for August 24 is intended to provide general information regarding the home rule sales tax. Future workshop discussions planned for September 14 and September 28 will focus more heavily on future impact and Council member positions regarding the home rule sales tax. The Finance and Administration Committee endorsed this process so that Council might have some opportunity to review and thoroughly consider the available information before making any decisions.

The Village of Downers Grove Chamber of Commerce Executive Director has been provided with a copy of the attached report and was invited to attend the August 24 workshop meeting.

ATTACHMENT:

Home Rule Sales Tax Report

RECOMMENDATION:

For presentation and discussion



Village of Downers Grove Home Rule Sales Tax Report

August 2004

Drafted by:

Michael Baker, Assistant Village Manager
Megan Bourke, Management Intern

Report Purpose and Summary

This report is intended to provide the Village Council with general summary information regarding the Village's home rule sales tax, which was adopted by the Council on March 18, 2003, and includes a sunset clause that will effectively eliminate the tax at the end of June 2006, unless additional action is taken by the Village Council.

Included in this report are the following sections:

- **Process Summary**
- **Background of Home Rule Sales Tax Adoption**
- **How the Home Rule Sales Tax Works**
- **Downers Grove Sales Tax Rate Breakdown**
- **Home Rule Sales Tax Collections Since Adoption**
- **Home Rule Sales Tax Compared with 1% Local Share Sales Tax**
- **Trends in Collection of 1% Local Share Sales Tax**
- **Collection by Business Sector Category**
- **Neighboring and Comparable Communities**
- **Evaluation of Home Rule Sales Tax based on Standard Criteria**

Process Summary

This report is intended to initiate a discussion between the Village Council, staff and Downers Grove residents and businesses regarding the future viability of the home rule sales tax. This discussion will be held during future Village Council workshops, at which time information will be presented, and later discussed, in order to come to a conclusion about whether to allow the home rule sales tax to sunset or to consider a possible extension or renewal. The following workshop meeting dates have been designated for this discussion:

- August 24, 2004 Presentation of Home Rule Sales Tax Report
- September 14, 2004 Discuss impact of sunset clause and revenue/expense alternatives
- September 28, 2004 Discuss and determine future of home rule sales tax in Downers Grove

Citizens of Downers Grove are welcomed to attend and offer comments at all meetings.

Background of Home Rule Sales Tax Adoption

The Village of Downers Grove is a home rule unit of government under Illinois State Statutes. Home rule status was granted in 1971 and applies to all municipalities with populations greater than 25,000, unless removed by local referendum. Included as one of the Village's home rule powers is the ability to adopt a separate "Home Rule" sales tax by local ordinance (majority vote of the Village Council). There is no maximum home rule sales tax rate, however it must be enacted in 0.25% increments.

During the budget process that preceded the 2003-04 fiscal year (the Village's fiscal year begins on May 1), the Village Council and staff evaluated available options for closing the \$4.1 million gap in the Village's budget. Village staff presented the Council with a list of expense reductions that would have been necessary had no revenue enhancements been approved. Staff also presented various revenue options which could also be considered to provide additional funding sources, including the home rule sales tax. The concept of the home rule sales tax was raised during a public hearing on February 25, 2003. It was brought before the Council at the Workshop meeting of March 11, 2003, and formally adopted by a 6 to 1 vote on March 18, 2003. The minutes from the March 11 workshop and March 18 Council meeting have been attached.

How the Home Rule Sales Tax Works

A question and answer document published by the Illinois Department of Revenue entitled "Home Rule and Non-Home Rule Sales and Use Taxes" has been attached. The answers provide information regarding the collection method, filing deadlines, and items on which the tax is imposed.

Downers Grove Sales Tax Rate Breakdown

Shoppers in the Village of Downers Grove pay a sales tax rate of 7.25% for items on which the home rule sales tax is imposed. The distribution of that 7.25% is as follows:

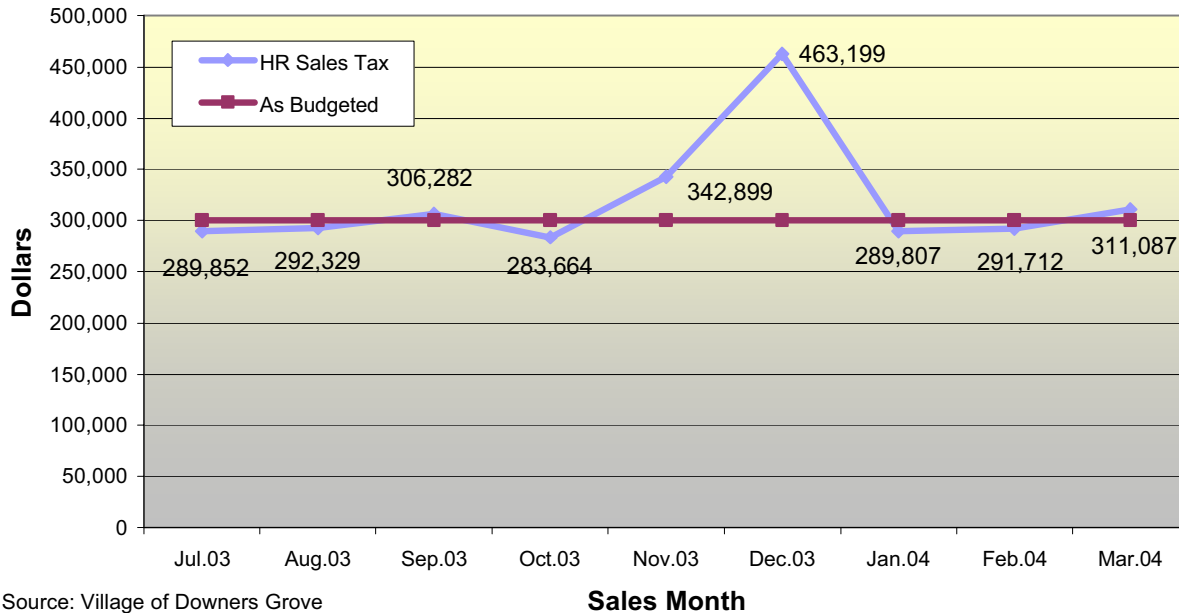
- 5.00% - State of Illinois
- 1.00% - Village of Downers Grove (local share of state sales tax)
- 0.50% - Village of Downers Grove (home rule sales tax)
- 0.25% - DuPage Water Commission
- 0.25% - Regional Transit Authority
- 0.25% - DuPage County.

Home Rule Sales Tax Collections Since Adoption

The Illinois Department of Revenue collects and distributes home rule sales tax in the same manner as the 1% local share sales tax. In both cases, sales tax revenues are distributed and received by the Village three months after the month of collection. For instance, sales tax charged on goods sold during the month of July 2003, the month in which the home rule sales tax was first charged in Downers Grove, were received by the Village in October 2003.

At the time of adoption, staff anticipated that the home rule sales tax would generate approximately \$3.6 million per year. Given that only ten months of collections were expected for FY2003-04 (July 2003-April 2004), the total projected revenues for the fiscal year equaled \$3.0 million, an average of \$300,000 per month. Since the first month of collection, monthly receipts from the home rule sales tax have slightly exceeded the budgeted projections overall, as depicted in the following graph:

Comparison of Home Rule Tax Collections to Its Budgeted Revenue



Source: Village of Downers Grove Revenue Tracking Report

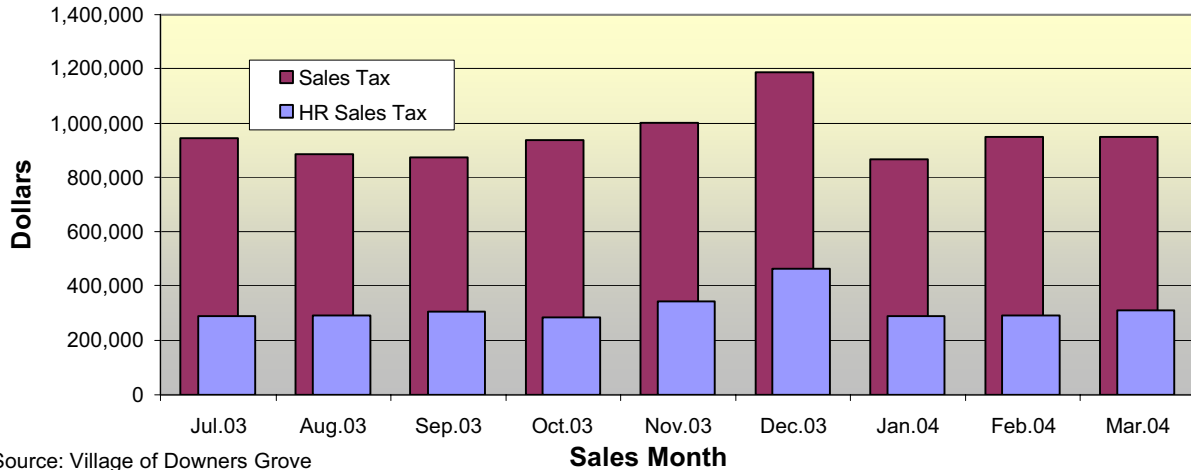
Actual totals were slightly below the budgeted amount in five out of nine months. The largest loss in those five months was in October 2003 when home rule sales tax collections were \$283,664: \$16,336 under budget. However, the average monthly collection exceeded the budgeted amount by \$18,981. This excess was in part due to the high collection in December 2003, when the Village traditionally receives high sales tax yields due to the holiday shopping season. Actual collections show a nine-month total of \$2,870,831, an excess of \$170,131 over the \$2.7 million projected for that period.

For fiscal year 2004-05, staff budgeted \$3,762,000 in home rule sales tax revenues overall, and projects home rule sales tax collections at \$300,000 per month for all months during the fiscal year, except November and December, which are estimated at \$320,000 and \$442,000, respectively. Home rules sales taxes received in August for sales in May, the only month of collections thus far in FY2004-05, totaled \$327,518. By September 2004, the Village will have received one full year of home rule sales tax collections.

Home Rule Sales Tax Compared with 1% Local Share Sales Tax

Home rule sales tax revenues amount to approximately 33.24% of the revenue collected from the 1% local share sales tax. The following graph indicates how home rules sales tax revenues compare to local share sales tax revenues on a monthly basis:

Comparison of Home Rule Sales Tax Collections vs. Local Share of State Sales Tax Collections



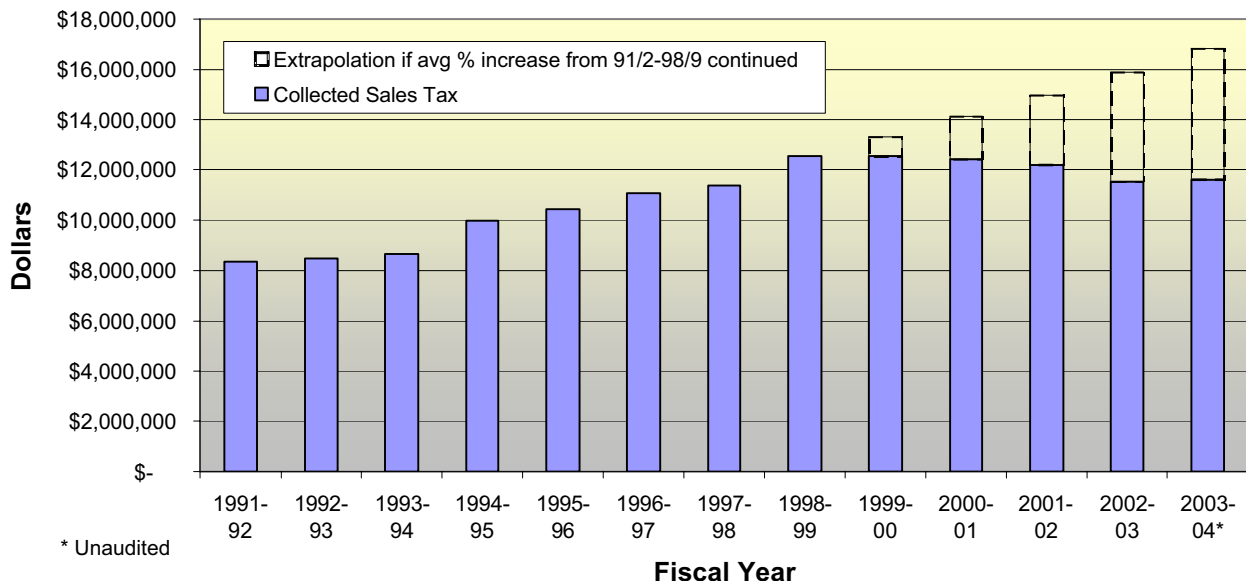
Source: Village of Downers Grove Revenue Tracking Report

The sale of items in the Village exempted from the home rule sales tax (groceries, pharmaceuticals, medical appliances and titled items) explains why home rules sales tax revenues account for a lesser percentage of the local share sales tax revenues that a comparison of the rates would suggest (0.50% vs. 1.00%).

Trends in Collection of 1% Local Share Sales Tax

One of the primary reasons for the implementation of the home rule sales tax involved the decline in revenue collections for the 1% local share sales tax over a five-year period beginning in FY1999/00. The following graph indicates the 13-year trend in collections of the local share sales tax. A steady pattern of growth was halted in FY1999/00, and a slow decline in sales tax revenue collection continued for five years, primarily due to the poor performance of the national economy. The dotted section of the columns in the fiscal years from

1% Local Share Sales Tax Collections over a 13-year period



* Unaudited

Source: Village of Downers Grove Comprehensive Annual Financial Reports

1999/00 to 2003/04 indicate the sales tax revenues that the Village would have collected had this revenue source continued to grow at the average percentage increase that the Village experienced over the previous eight years (6.1%). The Village has taken steps during each of these years to reduce expenses and augment existing revenue sources without significantly compromising services that the residents expect.

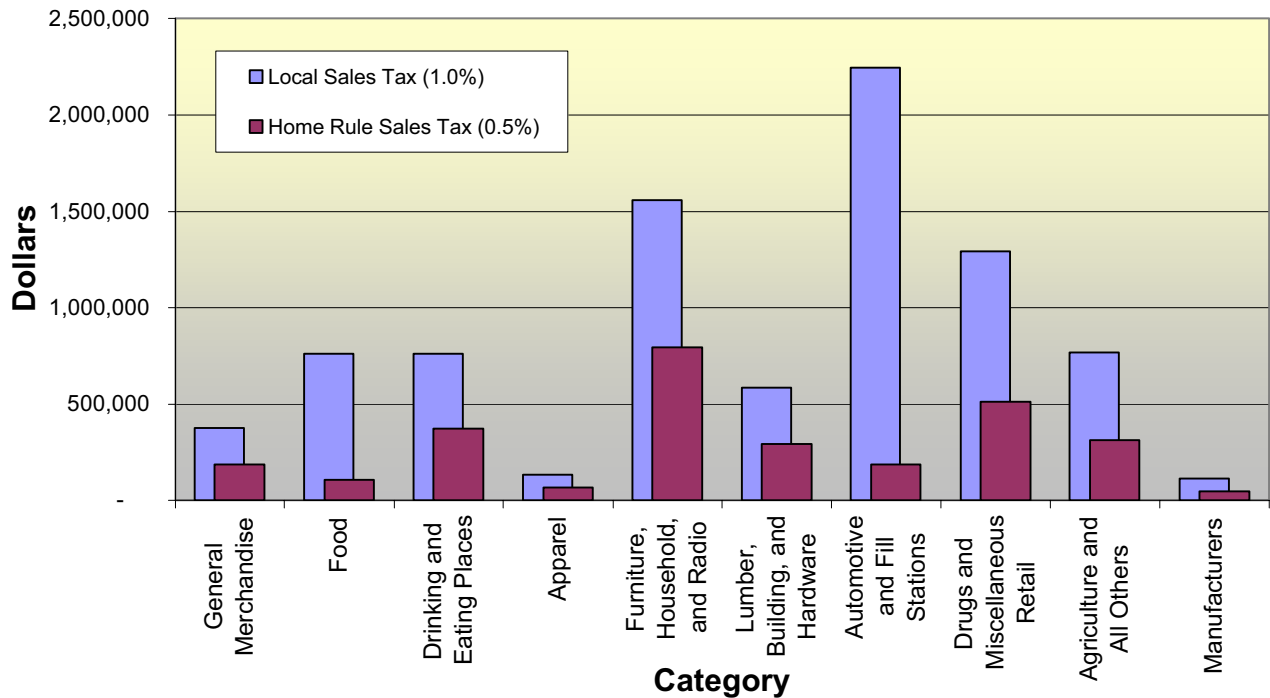
Collection by Business Sector Category

The Illinois Department of Revenue publishes and distributes to all municipalities quarterly reports that provide a breakdown of sales tax revenues within each jurisdiction divided into ten business sector categories. The categories are as follows:

- General Merchandise
- Food
- Drinking and Eating Places
- Apparel
- Furniture, Household, and Radio
- Lumber, Building, and Hardware
- Automotive and Filling Stations
- Drugs and Miscellaneous Retail
- Agriculture and All Others
- Manufacturers

The following graph indicates collections of home rule sales tax and the 1% local use sales tax by business sector category.

**Collections of Local Share and Home Rule Sales Tax
by Business Sector Category,
from 3rd Quarter 2003 through 2nd Quarter 2004**



Source: Report of Sales Tax Receipts by Standard Industrial Classification

The relatively low proportion of home rule sales tax in certain sectors (Food, Automotive and Fill Stations, and Drugs and Miscellaneous Retail) is accounted for by those items on which the home rule sales tax is exempted, including groceries, titled items, pharmaceuticals and medical supplies. Note that the category in which the Village received the greatest amount of local share sales tax (Automotive and filling stations) is the category in which home rule sales tax is proportionally the lowest, due to the strong reliance on automobile sales for sales tax revenue.

Neighboring and Comparable Communities

In order to put the home rule sales tax into a broader perspective, it is helpful to understand how other neighboring and comparable communities use the home rule and related taxes. The following table provides home rule sales tax information for three classes of municipalities: 1) Home rule communities in DuPage County, 2) Communities bordering Downers Grove, and 3) Comparable communities for the purposes of labor negotiations and salary range comparison.

Name	County	Home Rule Status	Home Rule Sales Tax Rate *	Total General Merchandise Tax Rate **	Food and Beverage Tax Rate
DuPage County Home Rule Communities					
Aurora	DuPage	Home Rule	1.00%	7.75%	2.00%
Addison	DuPage	Home Rule	0.75%	7.50%	
Warrenville	DuPage	Home Rule	0.75%	7.50%	
Bolingbrook	DuPage	Home Rule	1.00%	7.50%	
Darien	DuPage	Home Rule	0.75%	7.50%	
Elk Grove Village	DuPage	Home Rule	0.75%	7.50%	1.00%
Schaumburg	DuPage	Home Rule	1.00%	7.50%	2.00%
St. Charles	DuPage	Home Rule	0.50%	7.50%	0.50%
Carol Stream	DuPage	Home Rule	0.50%	7.25%	
Downers Grove	DuPage	Home Rule	0.50%	7.25%	
Wheaton	DuPage	Home Rule	0.50%	7.25%	
Elmhurst	DuPage	Home Rule	0.25%	7.00%	1.00%
Hanover Park	DuPage	Home Rule	0.50%	7.00%	3.00%
Naperville	DuPage	Home Rule		6.75%	1.00%
Oakbrook Terrace	DuPage	Home Rule		6.75%	
Woodridge	DuPage	Home Rule		6.75%	
Communities Bordering Downers Grove					
Darien	DuPage	Home Rule	0.75%	7.50%	
Downers Grove	DuPage	Home Rule	0.50%	7.25%	
Oak Brook ***	DuPage	Non-Home Rule	0.25%	7.00%	
Lisle	DuPage	Non-Home Rule		6.75%	
Lombard	DuPage	Non-Home Rule		6.75%	1.00%
Westmont	DuPage	Non-Home Rule		6.75%	
Woodridge	DuPage	Home Rule		6.75%	
Comparable Communities					
Hoffman Estates	Cook	Home Rule	0.50%	8.75%	1.00%
Arlington Heights	Cook	Home Rule	0.50%	8.50%	1.00%
Des Plaines	Cook	Home Rule	0.75%	8.50%	1.00%
Mount Prospect	Cook	Home Rule	0.75%	8.50%	1.00%
Park Ridge	Cook	Home Rule	0.50%	8.50%	1.00%
Downers Grove	DuPage	Home Rule	0.50%	7.25%	
Elmhurst	DuPage	Home Rule	0.25%	7.00%	1.00%
Lombard	DuPage	Non-Home Rule		6.75%	1.00%

* Source: Report of Sales Tax Receipts by Standard Industrial Classification

** Includes Home Rules Sales Tax Rate, does not include Food & Beverage Tax Rate, Source: Illinois Sales Tax Rate Reference Manual, updated July 1, 2004

*** Oak Brook voters approved a non-home rule sales tax of 0.25%

Evaluation of Home Rule Sales Tax based on Standard Criteria

In evaluating new and existing revenue sources, particularly tax revenues, one means of determining the desirability of revenue sources is to apply the following set of criteria. The results allow analysts and decision makers to determine how palatable the revenue stream might be. The following table lists the criteria, briefly summarizes it, and applies the home rule sales tax to each individual criterion.

Evaluation Criteria	Explanation of Criteria	H.R. Sales Tax applied (yes or no)
Diversified?	Is payment of the tax spread out amongst a variety of taxpayers, as opposed to a single entity or economic sector?	YES
Dependable?	Does the tax produce a reliable and relatively predictable revenue stream?	YES
Efficient?	Is the cost or burden to the Village in tax collection minimal?	YES
Politically Acceptable?	Will elected officials generally avoid complaints from residents and businesses regarding the tax?	YES
Productive?	Does the tax have the potential for generating substantial amounts of revenue?	YES
Progressive?	Is burden of the tax shifted disproportionately to taxpayers with lower household incomes? If so, the tax is not progressive, it's regressive.	NO It's a regressive tax.
Tax Deductible?	Can taxpayers deduct the tax on their federal or state income tax returns?	NO
Nonresidents Pay?	Are nonresidents responsible for sharing the burden of the tax?	YES

Source: Village of Streamwood Finance Director

A larger number of “yes” responses to each criterion generally indicate that a revenue stream is more desirable to implement. However, this analysis does not take into consideration the many local factors unique to each jurisdiction that may influence decisions regarding whether or not to use certain revenue streams.

Conclusion and Next Steps

The purpose of this report was to provide general, historical and background information regarding the Village of Downers Grove’s use of the home rule sales tax. There are additional issues requiring analysis and discussion that pertain to the decision of whether or not to allow the home rule sales tax to sunset.

- What will the likely impact be on Village services if this revenue source is eliminated?
- What are the future projections for the Village’s other major General Fund revenue sources, most notably the 1% local share sales tax?
- To what extent will the Village’s efforts at economic development be able to supplement existing revenue streams?
- What impact do the Village’s sales tax incentive agreements have on the net gain in projected new sales taxes?

Staff will be providing additional information in efforts to help answer these questions at future workshop meetings as outlined in the “Process Summary” section. It is the desire of staff to hold any discussion on the issues raised by these questions until the workshop meeting of the September 14 and limit any discussion to the issues contained in this report. Furthermore, staff hopes this information and this process will provide a useful exercise in assisting the Council with making a well-informed decision regarding the home rule sales tax.

MINUTES OF WORKSHOP MEETING

DOWNERS GROVE, ILLINOIS

MARCH 11, 2003

Mayor Krajewski called the Workshop meeting of the Village Council of the Village of Downers Grove to order at 6:30 p.m. in the Council Chambers of the Village Hall.

Present: Mayor Brian Krajewski; Commissioners Marilyn Schnell, Michael Gilbert, Sue McConnell, Martin Tully, Mark Zabloudil; Village Manager Riccardo Ginex; Village Attorney Enza Petrarca; Village Clerk April Holden

Absent: Commissioner Tom Sisul

Visitors: **Press:** Kevin Stahr, Downers Grove Reporter

Residents & Others in Attendance: Allan R. Ambrose, Northern Trust, 434 Atlantic Lane, Elk Grove; William Waldack, 1409 Willard Place; Dave Tatterson, 1240 Gilbert; Duane J. Baker, Herbert's Men's Shop, 5123 Main; Marilyn Weiher, Downtown Management Board, 935 Curtiss; Ross Johnson, Downtown Management Board, 1311 Gilbert; Christine Fregeau, 1918 Elmore Avenue; John W. Mochel, Jr., 2227 Tamarack; Anthony T. Iacoveth, 5865 Belmont; Stan Urban, 131 39th Street; Ron Sandack, 4833 Linscott; Mike Kubes, 5538 Lyman; Marilyn Gerloff, 4241 Highland

Staff: Dorin Fera, Traffic Manager, Public Works; Jack Bajor, Director, Public Works; Mary Scalzetti, Director, Tourism & Events; Steve Rockwell, Director, Economic Development; Cathy Schuster, Assistant Director, Economic Development; Dave Van Vooren, Deputy Village Manager for Administration

Mayor Krajewski explained that Council Workshop meetings are held the second and fourth Tuesdays at 6:30 p.m. The meetings are video taped live and for later cable-cast over cable channel 6.

The Workshop meeting is intended to provide Council and the public with an appropriate forum for informal discussion of any items intended for future Council consideration or just for general information. No formal action is taken at Workshop meetings.

The public is invited to attend and encouraged to comment or ask questions in an informal manner on any of the items being discussed or on any other subject. The agenda is created to provide a guideline for discussion.

MANAGER

1. Bids:

- a. **Water Insertion Valves.** Manager Ginex said staff recommends awarding the bid to Free Flow Tapping in the amount of \$54,680. This is for ten water insertion valves. He said 130 valves have been completed since 1990.

- b. **Leak Detection Survey.** The Manager said staff recommends awarding the bid to Water Services Co. in the amount of \$5,905.25 for 391,076 linear feet in three areas in the Village.

Commissioner Tully asked the original budgeted amount, and the Manager said he would obtain that information.

- c. **Fire Hydrants.** The Manager said staff recommends awarding the bid to National Waterworks.
- d. **Supply of Water System Clamps & Fittings.** The Manager said staff recommends awarding the bid to three vendors for items as detailed: National Water Works for \$44,739.13; Mid-American Water for \$33,903.23; and Water Products Company for \$1,242.36.

1. **Bid: Beer Garden Vendor.** The Manager said the only bidder on this item is the Rotary Club, and staff has recommended awarding the bid to them again.
2. **Sale of Industrial Revenue Bonds.** The Manager asked Steve Rockwell to address this item.

Steve Rockwell, Director of Economic Development, said that Stern Brothers has asked to purchase \$3.5 million of private activity bonds, and will pay 1.5% for \$54,814. Stern Brothers intends to use the money as part of a \$10 million project for a senior citizens project in Matteson.

Commissioner Gilbert asked if there has been any other interest. Mr. Rockwell responded that requirements have been changed enough that only a manufacturing concern or subsidized apartment complex is eligible and there is nothing in Downers Grove at this time.

Commissioner McConnell said she was glad to see that there was someone interested in purchasing them

The Mayor asked staff for an update as to the population adjustment with the recent annexations.

Mr. Rockwell said that staff has distributed to all businesses a new newsletter. He provided copies to the Council. He said it contained some historical information. In addition, he asked Cathy Schuster to report on the Governor's Home Town Award, for which the Village is a finalist.

Cathy Schuster, Assistant Director, EDC, said that the Village has been selected as a finalist in the Home Town award. The State makes eight awards. She said the Village submitted a project showing the support and involvement of the public in the Village in the Bone Marrow Drive in which 1000 people were tested for matching purposes. She indicated that the Home Town award winners will be named in June.

3. **Revenue Initiatives (Gasoline Tax, Home Rule Sales Tax and Telecommunications Tax).** The Manager said staff proposes an increase in several non-property taxes. He highlighted the proposal. Staff proposes to change the existing gasoline tax from one cent per gallon to 1.5 cents per gallon which will bring an increase in revenue of \$95,000-\$100,000. Staff also proposes a Home Rule Sales Tax of $\frac{1}{4}$ % or $\frac{1}{2}$ %. Finally they proposed raising the

telecommunications tax from 4.5% to 5% effective July 1 for an additional \$250,000 in revenue. A 6% telecommunications tax would address any deviations in receipts from this tax.

Manager Ginex said that if the Council should choose to go to ½ cent on the Home Rule Sales tax, the additional revenue could go into a building fund. He indicated that he spoke with Barb Wysocki who indicated no opposition to a ¼ cent sales tax increase, but would not like to see the ½ cent. He said that she indicated they would like to see the telecommunications tax at 5%.

Commissioner McConnell asked the Manager what their thought was of the ¼ cent versus ½ cent. The Manager said Ms. Wysocki did not elaborate.

Commissioner Schnell said that she thought ¼ cent would have less impact than the higher amount. If they were to go to ½ cent she would like not to see an increase in the natural gas tax. She said the Home Rule Sales Tax does not affect individuals as much.

Commissioner Tully said he wanted to comment on why they are discussing revenue enhancements. He said this has been discussed in the budget meetings, but those meetings have not been televised. They are discussing a potential increase, and he said this is not unique to Downers Grove. It exists in the County, State and nationwide. The National League of Cities cited that there has been a decrease in aid from the state government. This affects the entire country. He said that the Illinois Municipal League noted that across the State the actual receipts from some taxes continue to drop over last year. There is a threat of decreased municipal share of the State Income tax. Therefore it becomes incumbent upon the municipalities to find alternate means of providing services to the public.

Regarding alternative methods, one is to cut costs. He asked staff how much has really been cut from the present budget as original proposed, and he said staff has already cut out about \$4.5 million. The Manager's current recommended budget of slightly above \$36 million is less than \$500,000 above last year's budget. He said that many cuts have been made but they have not reduced the services below safe levels. Commissioner Tully said that before any decisions are made as to revenue enhancements, the Council will have to review the Public Works Fund, the Police Fund and the Fire Fund as the three most expensive areas of cost. Some revenue enhancements will have to be put into effect soon.

Regarding the Home Rule Sales Tax, Commissioner Tully said that in order to keep services at the current level, the Council must consider an increase. The Village is a home rule unit, which means there are certain things that the Village can do without referendum. He said state statutes require that an increase be proposed in ¼ % increments. Home Rule sales tax does not extend to cars, food, drugs or medical appliances. He noted that approximately 61% of municipalities in the State have home rule sales taxes of some sort.

Commissioner Tully said that a ¼ % increase would amount of \$1.8 million over a year, and a ½ % increase would bring in an additional \$3.6 million per year. He said he was pleased that staff spoke with the Chamber for their input. He said the effect of a ¼ % tax would be \$.25 on a \$100.00 purchase. A ½% tax would be \$.50 on a \$100.00 purchase.

With regards to the telecommunications tax increase, the proposal is to raise it from 4.5% to 5%, which would still be competitive with neighboring communities. The Gasoline Tax pertains to the

reconstruction of Fairview Avenue. The current tax has not kept up with the debt service for that particular bond issue.

Mayor Krajewski said that a number of neighboring communities have experienced similar problems. He referred to an article in the Daily Herald regarding Naperville's attempts to trim their budget, saying that Naperville's property tax rate is .9942 per \$100. The Village is at .36, or about 1/3 of Naperville's property taxes. Naperville is proposing a 1% food and beverage tax. Other communities have increased tax rates for restaurants. The Mayor said that under the staff's plan, non-union employees will receive a 3.5% raise down from the previous 4%. He noted that, similar to Downers Grove, Naperville wants to hire new firefighter/paramedics to fill in when others call in sick, which they say will save money in overtime hours.

The Mayor said that he and Commissioner Sisul were in agreement with the ¼ %. He said that if this is to be voted on Tuesday, they need to have an agreement as to ¼ % or ½% in time for that meeting. Regarding the gasoline tax, he agrees with the ½ cent. He indicated that the telecommunications tax increase doesn't change the Village's standing with respect to other communities. He said that concerning the Natural Gas Tax, he paid \$8.37 in tax last year.

Commissioner Zabloudil said he looked at the original budget and the Manager's recommendation. There is a gap of over \$1 million to close. He said they have to act on the Home Rule Sales Tax before the budget is adopted. Regarding the Gasoline Tax, Deputy Manager Van Vooren responded to Commissioner Zabloudil that the pump cost includes all taxes, including sales, State, etc. He said that Woodridge has a two-cent gas tax.

The Mayor noted that the \$1 million shortfall does not factor in the 5 + 5, which could close the gap to \$500,000.

Commissioner Zabloudil said there are some cuts which they may not be able to forego for another year.

Commissioner McConnell suggested that time be set aside on Saturday to determine which way to go regarding the home rule sales tax amount.

Commissioner Schnell said that the utility taxes are economy driven. She said they need to make sure the taxes will bring in the money if the budget is to be balanced based on those taxes.

Manager Ginex said Deputy Manager Van Vooren is recommending going to 6% because of the fluctuations.

Commissioner Tully said that the originally adopted 2002-03 budget was \$35.8 million. It is estimated to come out to \$33.7 million after cuts having been made in this budget season. He said a good deal of that was done by deferring capital projects and vehicle replacement; however, some of these things cannot be deferred further. The Village is facing decreased revenues, but has fixed costs that are escalating, such as union contract salaries, health care costs, etc. When the Council completes the line-by-line review on Saturday, then and only then will they consider the increases.

The Mayor noted that even with potential increases, the Village still ranks as the lowest tax community in the surrounding 19 municipalities.

Marilyn Weiher, 4808 Wallbank, said she is a member of the Downtown Management Board. The Board has not had a chance to review the home rule sales tax. There are some concerns since the local businesses profit margins are generally depressed at this time. The Board intends to review this on Thursday at their regular meeting, and request the opportunity to discuss this further with the Council. The Mayor invited them to have a representative attend the Saturday session. The Manager said he would send a packet of information to the Board. Deputy Van Vooren said he will also be at the Board meeting on Thursday.

Duane Baker of Herbert's Men's Shop, 5123 Main Street, said he would appreciate it if the Council would look at other revenues besides an increase in the sales tax, burdening the businesses and customers. He asked that they do it for the minimum amount if it must be done. He reminded the Village that the downtown community went through a difficult four years due to the construction, and that is why he asked they consider assisting the businesses as much as possible by minimizing the tax increase.

4. **Refinancing of Library Bonds.** The Manager said this concerns the 1996 Library Bond and asked Mr. Van Vooren to make this presentation.

Dave Van Vooren, Deputy Village Manager, said he has presented an Ordinance to refinance the 1996 Library General Obligation bonds. Interest rates are at a 45-year low. The 1996 Library Bond is fully funded by property taxes. They are proposing to use a parameters ordinance which would stipulate under what conditions (net present value savings) and who would be authorized to execute the bond sale. It establishes a minimum acceptable level of savings that must be obtained in order to complete the sale. The work will be done in preparation until the optimum time. The ordinance proposes a Net Present Value Savings of 2%. He explained the handout distributed to the Council. He noted that in the proposed Ordinance, the threshold section has been eliminated, since it is up to the Council to establish this. He said this would still be a competitive sale. Mr. Van Vooren noted that all fees are included in the net present value. The Chapman & Cutler fee is estimated to be \$12,000. He said that Al Ambrose is present to answer any questions.

Allan Ambrose said he was the Managing Director of Northern Trust Bank. In response to a question from Commissioner Zabloudil, he said parameters ordinances are a common practice with refunding transactions. This enables them to strike when the market is right. Commissioner Zabloudil asked what is the right threshold and the risk of going higher. Mr. Ambrose said it becomes a Council decision as to the minimum threshold, and the board should determine the minimum number they would like to see from this transaction. A rule of thumb has been a 2% level recently. He would prefer to see it closer to the 2.7% to 3%.

Commissioner Zabloudil asked if interested rates increase, would it be best to change the number up or down. Mr. Ambrose responded that this is a fairly dynamic transaction in that it is an advance refunding. The bonds are not callable until 2006. The new bonds are used to purchase an escrow of government securities, and will be off the Village's books. He said he would not go below the 2%.

Mr. Van Vooren said that the parameters ordinance can be changed, and the Council controls the ordinance until the bonds are sold. Commissioner Zabloudil said that the Council will need to revisit the ordinance when the time is right. Mr. Van Vooren suggested that staff report back to the Council on a periodic basis. Mr. Ambrose noted that many ordinances have "drop dead" dates.

Commissioner Tully asked for clarification that a savings on 2% is over \$100,000 for the life of the bond, which would effectively reduce the Library Bond's tax levy for property owners. Mr. Van Vooren said that was correct. The decision has to be made as to the rate.

The Mayor said the Council agreed to six months on the "drop dead" date with a 2% minimum. He asked Manager Ginex and Mr. Van Vooren to authorize it.

STANDING COMMITTEE REPORTS - None

ATTORNEY'S REPORT

Village Attorney Petrarca presented eight items to the Council for next week's Active Agenda: 1) An ordinance reserving volume cap in connection with private activity bond issues, and related matters; 2) An ordinance establishing Home Rule Municipal Retailers Occupation and Home Rule Municipal Service Occupation taxes; 3) An ordinance imposing a simplified Municipal Telecommunications tax; 4) An ordinance amending the tax on gasoline; 5) An ordinance providing for the issuance of not to exceed \$6,650,000 General Obligation Refunding Bonds, Series 2003, of the Village of Downers Grove, DuPage County, Illinois, authorizing the execution of a bond order and an escrow agreement in connection therewith and providing for the levy and collection of a direct annual tax for the payment of the principal of and interest on said bonds; 6) An ordinance adopting and approving publication of the Village of Downers Grove Zoning Map; 7) A resolution authorizing execution of an agreement between the County of DuPage and the Village of Downers Grove (Autumn Grove Resource Center); and 8) A resolution authorizing execution of an agreement between the County of DuPage and the Village of Downers Grove (Arbor Park Resource Center).

COUNCIL MEMBERS

The Mayor said that the Chamber of Commerce is having it's Leadership Academy Job Shadowing program tomorrow, and he will have a student interested in local government shadowing him. He will be attending the Senior Staff meeting tomorrow morning. He also noted that he attended Pierce Downers School last week to meet with the fourth graders. He read some of the thank you letters he was sent.

VISITORS

There being no further discussion, the Workshop meeting was adjourned at 7:40 p.m.

April K. Holden
Village Clerk

tmh/



Village of Downers Grove Meeting Minutes Downers Grove Village Council

Civic Center
801 Burlington
Downers Grove, IL 60515
630-434-5500

Tuesday, March 18, 2003

6:30 pm

Council Chambers

1. Call to Order

Mayor Brian Krajewski called the regular meeting of the Village Council of the Village of Downers Grove to order at 6:30 p.m. in the Council Chambers of the Downers Grove Village Hall.

Pledge of Allegiance to the Flag

Mayor Krajewski led those present in the Pledge of Allegiance to the Flag.

2. Roll Call

Present: Commissioner Sue McConnell, Commissioner Michael Gilbert, Commissioner Thomas Sisul, Commissioner Marilyn Schnell, Commissioner Martin Tully, Commissioner Mark Zabloudil and Mayor Brian Krajewski

Non Voting: Village Manager Riccardo Ginex, Village Attorney Enza Petracca and Village Clerk April Holden

Mayor Krajewski said he would like to remind everyone present that the Council meeting is broadcast over the local FM radio station, WDGC. In addition, a tape recording and videotape of the meeting are being made using Village owned equipment. The videotape of the meeting will be used for later rebroadcast of the Council meeting over the Village cable television Channel 6.

The Council will follow the rules of conduct for this meeting as provided in Sec. 2.5 of the Downers Grove Municipal Code. These offer the public the opportunity to comment at several points in the meeting. First, immediately following approval of the minutes of the past meetings, an opportunity will be given for public comments and questions on the active agenda items for this evening's meeting. Following this, an opportunity is given for public comments and questions on any subject. Finally, if a public hearing is scheduled for this meeting, an opportunity is given for public comments and questions related to the subject of the hearing.

The Mayor stated that at the appropriate time the presiding officers will ask if there are any comments from the public. If anyone wishes to speak, the individual should raise their hand to be recognized and, after acknowledgment from the presiding officer, approach the microphone and state their name and address. He stated that remarks be limited to five minutes, and asked that individuals refrain from making repetitive statements.

The Mayor said there are agendas located on either side of the Council Chambers, and he invited the audience to pick up an agenda and follow the progress of the Council meeting.

3. Minutes of Workshop and Council Meetings

Executive Session Minutes for Approval Only - March 4, 2003

Council Meeting - March 4, 2003

Workshop Meeting - March 11, 2003

There being no additions or corrections to the minutes, Mayor Krajewski said they would be filed as submitted.

4. Public Comments and Questions

A. Comments and Questions on Active Agenda

Christine Fregeau, 1918 Elmore, commented on the telecommunications tax, stating she has been at the budget meetings for the past two years. She found the February workshop to be invaluable, and would like the Council to reconsider addressing the budget before it is voted on. Ms. Fregeau said she would favor departments funding their own initiatives. She stated that she favors user based taxes. She said there will be no projects of any significance in the capital projects fund to fund in this budget. Stormwater and sidewalks have been hit the hardest. The only roadway projects are those funded by existing grants. Ms. Fregeau said that capital projects have been underfunded for some time. She said that where citizens drive and walk needs to fit in the base of the budget and the infrastructure must also fit in there as well. When it comes to capital projects that lead to public safety, she doesn't want to see those items removed from the budget. Although she sees the need to cut back, she would prefer that they cut back, and not cut out completely. The \$625,000 cut will affect public safety. She asked that the Council add another \$50,000 to the capital projects for the sidewalks project. She also asked that they explore grants for sidewalks as well. There has to be a wider focus. Ms. Fregeau said they should reevaluate what has been all but eliminated. Public Works is the third largest budget item, but is less than half of the top two items. She said the Council has looked carefully at cost savings and other revenue options, but said that they should look again to apply the telecommunications tax where it is needed.

The Mayor reminded everyone that all of the property taxes fund only about 13% of the Police and Fire budgets. The other 70% comes through sales taxes and revenues. He said that utility taxes are still being split as they have in the past at a 70%/30% split. Ms. Fregeau said her concern is that programs have been eliminated yet the telecommunications tax is being increased. The Mayor said there will be \$700,000 spent on three major road projects through grant funds.

Ms. Fregeau said they worked a long time to get the sidewalk program in, and she believes the \$50,000 allocated will not cover sidewalk trip hazards. She supports a vision for the future and asked that the Council not let this program go away, but set precedents for the future.

B. Comments and Questions on General Matters

5. Public Hearings

6. Consent Agenda

COR 00-01182 Claim Ordinance No. 5471, Payroll, March 7, 2003
Sponsors: Accounting
 A motion was made to Approve this file on the Consent Agenda.
Indexes: N/A

BIL 00-01183 List of Bills Payable, No. 5470, March 18, 2003
Sponsors: Accounting
Commissioner Gilbert questioned items IN 813 and SP 113.
 A motion was made to Approve this file on the Consent Agenda.
Indexes: N/A

BID 00-01194 Bid: Award Contract to Free Flow Tapping for Water Insertion Valves

Sponsors: Public Works

Summary of Item: This is to award a contract to supply and install valves at various locations in the Village water distribution system. Quoted unit prices: 6 inch - \$4,990.00 each; 8 inch - \$5,350.00 each; 12 inch - \$7,200.00 each. If such sizes are necessary: 4 inch \$4,600.00 each; 10 inch - \$7,000.00 each.

A motion was made to Approve this file on the Consent Agenda.

Indexes: Water Valves

BID 00-01195 Bid: Award \$5,905.25 to Water Services Company for Leak Detection Survey

Sponsors: Public Works

Summary of Item: This is to award a contract to perform leak detection services in accordance with the bid specifications. Quoted unit price of \$0.0151 per lineal foot

A motion was made to Approve this file on the Consent Agenda.

Indexes: Leak Detection Survey

BID 400-01196 Bid: Award Contract to National Waterworks for Fire Hydrants

Sponsors: Public Works

Summary of Item: This is to supply various fire hydrants for replacement and new installation in the Village water distribution system in accordance with the following unit prices:

5' flange - \$918.00 each
5'6" flange - \$938.00 each
6' flange - \$958.00 each
5' M.J. - \$925.00 each
5'6" M.J. - \$955.00 each
6' M.J. - \$975.00 each

A motion was made to Approve this file on the Consent Agenda.

Indexes: Water Hydrants & Meters, Fire Hydrants

BID 00-01197 Bid: Award Contracts to National Waterworks in the amount of \$44,739.15; Mid American Water, Inc. in the amount of \$33,903.25; and Water Products Company in the amount of \$1,242.36 for Supply of Water System Clamps & Fittings

Sponsors: Public Works

Summary of Item: This is to award a contract to supply various clamps and fittings needed to repair and maintain the Village water distribution system.

A motion was made to Approve this file on the Consent Agenda.

Indexes: Water Clamps & Fittings

BID 00-01198 Bid: Award Contract to Rotary Club as 2003 Heritage Festival Beer Garden Vendor

Sponsors: Tourism and Events Commission

A motion was made to Approve this file on the Consent Agenda.

Indexes: Heritage Festival 2003

Passed The Consent Agenda

A motion was made by Commissioner Sisul, seconded by Commissioner Gilbert, that the consent agenda be passed. The motion carried by the following vote:

Votes: Yea: Commissioner McConnell, Commissioner Gilbert, Commissioner Sisul, Commissioner Schnell, Commissioner Tully, Commissioner Zabloudil and Mayor Krajewski

7. Active Agenda

ORD 00-01187 Ordinance: Reserve Volume Cap in Connection with Private Activity Bond Issues, and Related Matters

Sponsors: Economic Development Director

Summary of Item: This will reserve the entire Village's 2003 Bond Allocation Cap for Stern Brothers, Inc.

AN ORDINANCE RESERVING VOLUME CAP IN CONNECTIONS WITH PRIVATE ACTIVITY BOND ISSUES, AND RELATED MATTERS

ORDINANCE NO. 4485

A motion was made by Commissioner Sisul, seconded by Commissioner Gilbert, to Adopt this file. Mayor Krajewski declared the motion carried by the following vote:

Votes: Yea: Commissioner McConnell, Commissioner Gilbert, Commissioner Sisul, Commissioner Schnell, Commissioner Tully, Commissioner Zabloudil and Mayor Krajewski

Indexes: Industrial Revenue Bond - Stern Brothers

ORD 00-01188 Ordinance: Establish Home Rule Municipal Retailers Occupation and Home Rule Municipal Service Occupation Taxes

Sponsors: Deputy Village Manager

Summary of Item: This will establish home rule municipal retailers occupation and home rule municipal service occupation taxes at the rate of one-half of one percent.

AN ORDINANCE ESTABLISHING HOME RULE MUNICIPAL RETAILERS OCCUPATION AND HOME RULE MUNICIPAL SERVICE OCCUPATION TAXES

ORDINANCE NO. 4486

Commissioner Gilbert moved to adopt an Ordinance Establishing Home Rule Municipal Retailers Occupation and Home Rule Municipal Service Occupation Taxes at the rate of one-quarter of one percent.

Mayor Krajewski said the motion failed for lack of a second.

Commissioner Tully moved to adopt an Ordinance Establishing Home Rule Municipal Retailers Occupation and Home Rule Municipal Service Occupation Taxes at the rate of one-half of one percent.

Commissioner Tully said he will move for an amendment to incorporate a sunset clause. He said that the three major fund expenses are Police, Fire and Public Works and these have been studied and examined closely. In order to be able to invest in the community and be proactive, it is necessary to move with the 1/2% increase. He said he appreciates the input of the Downtown Management Board and the Chamber of Commerce; however, it is incumbent upon the Village to take this step. He is adamant, however, that there be a sunset clause which would make this tax void within three years of tonight, unless reenacted by a future Council. If the sales tax revenues return to previous levels, he would be in favor of eliminating the home rule sales tax at whatever percent is decided. He proposed to move to amend the currently

pending motion to add subsection (c) to the proposed ordinance to include an expiration date for the proposed increase. Commissioner Schnell seconded the amendment.

Commissioner Zabloudil said he believed it to be appropriate to include the sunset clause, and asked when it would be appropriate to consider it.

Attorney Petrarca said it would have to be reported on April 1, and would expire three years from April 1.

Deputy Manager VanVooren said there are two trigger dates for sales taxes, January 1 or July 1, so any sunset clause would have to coordinate with those notification dates. It would be best to have it cease on July 1, 2006.

Commissioner Zabloudil asked whether the date would be included in the Ordinance.

Commissioner Tully said it would be eliminated on the terms established.

Commissioner Gilbert said he respects contrary opinions, but believes that structural changes as to how business is conducted in the Village would net the Village sufficient funds where 1/4% sales tax would be sufficient.

Commissioner McConnell said that she was unsure about the 1/4% versus 1/2% until Saturday's meeting, when it became clear to her that they should go for the 1/2%.

Commissioner Schnell said that in reviewing the figures they received on Saturday, they have to go with the 1/2%. This is not a luxury but it is a necessity.

Commissioner Tully stated that the decision came after a lot of work on the part of Council and staff. He said that Commissioner Gilbert's views are not lost. He said that a substantial number of cuts have been made, up to more than \$2 million this year. With respect to the original budget for 2003-2004 another \$2.5 million has been cut, which is a total of \$4.5 million in cuts. He said the Village will still have the lowest taxing burden of most neighboring communities.

The Mayor said that unfortunately the Village has to notify the State by April 1 of any Home Rule or Telecommunications tax changes. He said they are still reviewing the budgets and there is not much left that can be cut. He agrees that there can be some restructuring in the Village and that is one of the Manager's primary goals. Every Commissioner will have their own opinions as to what can be eliminated. The Mayor said he wants to be sure that if they go for the 1/2% the Village makes a commitment to invest in the future. He explained that the sales tax in the past has been what has kept the property taxes as low as they are. He said that there are areas in the Village that must be addressed by Staff and Council to meet development needs and create a viable business base.

As for Community Events, he said there are questions as to whether the Ice Sculpture and Bike Race should be eliminated at a cost savings of \$35,000, adding that these events are not just a cost, but bring other benefits to the Village as well. People from other communities come to these events and help to keep the shops filled. He wants to see the Economic Development Commission and Plan Commission move forward to make the neglected and vacant shopping areas viable with new businesses.

AYES: Commissioners Tully, Schnell, Zabloudil, McConnell, Sisul, Mayor Krajewski

NAY: Commissioner Gilbert

The Mayor declared the Motion on the amendment passed 6:1.

AYES: Commissioners Zabloudil, Schnell, Tully, McConnell, Sisul, Mayor Krajewski

NAYS: Commissioner Gilbert

The Motion passed 6:1

A motion was made by Commissioner Zabloudil, seconded by Commissioner Schnell, to Adopt this file. Mayor Krajewski declared the motion carried by the following vote:

Votes: Yea: Commissioner McConnell, Commissioner Sisul, Commissioner Schnell, Commissioner Tully, Commissioner Zabloudil and Mayor Krajewski

Nay: Commissioner Gilbert

Indexes: Tax Ordinance, Home Rule Municipal Retailers Occupation Tax, Home Rule Municipal Service Occupation Tax

ORD 00-01189 Ordinance: Impose a Simplified Municipal Telecommunications Tax

Sponsors: Deputy Village Manager

Summary of Item: This will impose a simplified municipal telecommunications tax at the rate of five percent (5%) of the gross charge for telecommunications purchased at retail from a retailer.

AN ORDINANCE IMPOSING A SIMPLIFIED MUNICIPAL TELECOMMUNICATIONS TAX

ORDINANCE NO. 4487

Mayor Krajewski asked about payments received for this year as of today.

Dave Van Vooren, Deputy Village Manager, said he anticipates receiving the check for January sometime in April.

Commissioner Tully said that increasing the telecommunications rate doesn't change our standing in terms of other communities, but makes them equal with Oak Brook.

The Mayor said the Village's sales tax structure is what has allowed the Village to have lower taxes than other communities.

A motion was made by Commissioner Schnell, seconded by Commissioner McConnell, to Adopt this file. Mayor Krajewski declared the motion carried by the following vote:

Votes: Yea: Commissioner McConnell, Commissioner Gilbert, Commissioner Sisul, Commissioner Schnell, Commissioner Tully, Commissioner Zabloudil and Mayor Krajewski

Indexes: Tax Ordinance, Telecommunications Tax

ORD 00-01190 Ordinance: Amend the Tax on Gasoline

Sponsors: Deputy Village Manager

Summary of Item: This will raise the tax on gas from one cent to one and a half cents per gallon.

AN ORDINANCE AMENDING THE TAX ON GASOLINE

ORDINANCE NO. 4488

A motion was made by Commissioner McConnell, seconded by Commissioner Tully, to Adopt this file. Mayor Krajewski declared the motion carried by the following vote:

Votes: Yea: Commissioner McConnell, Commissioner Gilbert, Commissioner Sisul, Commissioner Schnell, Commissioner Tully, Commissioner Zabloudil and Mayor Krajewski

Indexes: Tax Ordinance, Gasoline Tax

- ORD 00-01191** Ordinance: Provide for the Issuance of Not to Exceed \$6,650,000 General Obligation Refunding Bonds, Series 2003 - Library Bonds
Sponsors: Village Attorney
Commissioner Tully said this will lower property taxes.
A motion was made by Commissioner Tully, seconded by Commissioner Sisul, to Adopt this file. Mayor Krajewski declared the motion carried by the following vote:
Votes: Yea: Commissioner McConnell, Commissioner Gilbert, Commissioner Sisul, Commissioner Schnell, Commissioner Tully, Commissioner Zabloudil and Mayor Krajewski
Indexes: General Obligation Bond - Refund, Library Bonds
- ORD 00-01184** Ordinance: Adopt and Approve Publication of the Village of Downers Grove Zoning Map
Sponsors: Planning Services
Summary of Item: This will approve and authorize publication of the 2003 Village of Downers Grove, IL Zoning Map, corrected to 03-01-03. Pursuant to state law, the Village is required to approve and publish its Zoning Map on an annual basis.

AN ORDINANCE ADOPTING AND APPROVING PUBLICATION OF THE VILLAGE OF DOWNERS GROVE ZONING MAP

ORDINANCE NO. 4490
A motion was made by Commissioner Sisul, seconded by Commissioner Gilbert, to Adopt this file. Mayor Krajewski declared the motion carried by the following vote:
Votes: Yea: Commissioner McConnell, Commissioner Gilbert, Commissioner Sisul, Commissioner Schnell, Commissioner Tully, Commissioner Zabloudil and Mayor Krajewski
Indexes: Zoning Map
- RES 00-01193** Resolution: Authorize Agreement with County of DuPage re: Autumn Grove Resource Center
Sponsors: Social and Health Services
Summary of Item: This will authorize an agreement with DuPage County for a grant application from the Community Development Block Grant Program for the Downers Grove Community Neighborhood Resource Center at Autumn Grove.

A RESOLUTION AUTHORIZING EXECUTION OF AN AGREEMENT BETWEEN THE COUNTY OF DUPAGE AND THE VILLAGE OF DOWNERS GROVE (Autumn Grove Resource Center)

RESOLUTION 2003-16
A motion was made by Commissioner Gilbert, seconded by Commissioner Zabloudil, to Adopt this file. Mayor Krajewski declared the motion carried by the following vote:
Votes: Yea: Commissioner McConnell, Commissioner Gilbert, Commissioner Sisul, Commissioner Schnell, Commissioner Tully, Commissioner Zabloudil and Mayor Krajewski
Indexes: Autumn Grove Resource Center, DuPage County Community Development Block Grant
- RES 00-01192** Resolution: Authorize Agreement with County of DuPage re: Arbor Park Resource Center
Sponsors: Social and Health Services

Summary of Item: This will authorize an agreement with DuPage County for a grant application from the Community Development Block Grant Program for the Downers Grove Community Neighborhood Resource Center at Arbor Park.

A RESOLUTION AUTHORIZING EXECUTION OF AN AGREEMENT BETWEEN THE COUNTY OF DUPAGE AND THE VILLAGE OF DOWNERS GROVE (Arbor Park Resource Center)

RESOLUTION 2003-17

Commissioner McConnell asked about the number of years the Village has applied for these funds.

Barb Leiber, Director, Social and Health Services, said she has applied for these funds since 1997.

Commissioner McConnell said without these funds, these programs would have been greatly reduced.

Commissioner Sisul said the decision to apply for these funds was initially very controversial. He commended Ms. Leiber on a good job.

A motion was made by Commissioner Zabloudil, seconded by Commissioner Schnell, to Adopt this file. Mayor Krajewski declared the motion carried by the following vote:

Votes: Yea: Commissioner McConnell, Commissioner Gilbert, Commissioner Sisul, Commissioner Schnell, Commissioner Tully, Commissioner Zabloudil and Mayor Krajewski

Indexes: Arbor Park Resource Center, DuPage County Community Development Block Grant

Future Active Agenda

8. Mayor's Report

Materials to be Received - Minutes

Joint Meeting of the EDC Strategic Planning Committee & Plan Commission - February 17, 2003

Library Board - February 12, 2003 & February 26, 2003

Parking & Traffic Commission - February 12, 2003

A motion was made to Note Receipt Of this file. Mayor Krajewski declared the motion carried by the following vote:

Votes: Yea: Commissioner McConnell, Commissioner Gilbert, Commissioner Sisul, Commissioner Schnell, Commissioner Tully, Commissioner Zabloudil and Mayor Krajewski

Materials to be Received - Monthly Reports

Materials to be Placed on File

9. Manager's Report

Manager Ginex reviewed the Main Street reconstruction from 55th Street to Valley View conducted by the DuPage County Department of Transportation. Main Street will have no detour route. All traffic will be maintained on Main Street, but shifted as needed. Generally only one travel lane in each direction will be useable. Construction is planned to be completed by the end of August 2003. Main Street will remain four lanes. New traffic signals will be installed at 63rd Street and 59th Street, but not at 55th Street.

Regarding the side streets, 63rd Street will remain four lanes and 59th Street will remain two

lanes. A new retaining wall is to be built at Green Knolls Shopping Center at the NW corner of Main Street and 63rd Street. A total of six trees will be removed. New traffic signals will be interconnected between 67th Street and 59th Street only. A video vehicle detection system will be installed at the 63rd and 59th Street intersection.

Mr. Ginex said the Downers Grove Community Grants Commission is accepting grant applications for the 2003 Community Grants Program. The Commission offers funding to local not-for-profit organizations that provide the community with cultural, civic, or recreational events that improve the quality of life. These activities promote Downers Grove as an attractive and fulfilling place to live, visit and conduct business.

Applications must be received by 5:00 p.m. on April 1, 2003.

For more information or to receive an application, contact Village Grants Coordinator Susan Brassfield at (630) 434-6878.

The Mayor said that DuPage County is doing the street improvements on Main Street. He asked that staff establish a liaison with the County to address resident concerns.

10. Attorney's Report

There was none.

11. Committee Standing Reports

Commissioner Tully said the transportation fund was discussed at Saturday's budget meeting. He said that the consensus at the meeting was to study this issue on a going forward basis and the Public Services Committee will form a task force. Anyone interested in participating in the Local Transportation Task Force can contact him via e-mail.

The Mayor asked that the Village Manager and staff make the profile sheets available.

Commissioner Tully recommended that representatives of a larger group participate. He has already received two e-mails expressing interest.

The Mayor asked staff to forward to the Council the report done some time ago.

Commissioner Sisul said the Public Safety Committee did not meet. He said that regarding budget discussions, he has appreciated the discussions with the Council, staff and public, and although everyone doesn't always agree, points are often made to help direct the Council in its future endeavors.

12. Council Member Reports and New Business

Commissioner Zabloudil commented on some of the budget discussions. He reiterated that the revenue stream has deteriorated. Staff has implemented numerous cost cutting measures. He noted that there are flat staff levels in all departments except the Police Department. He said that the review of the three largest budgets in the Village has been considered and critical items were added back into the budget to continue providing the proper level of service to the community. The Commissioner said he had two concerns. He asked that the Council consider increasing the remaining revenue streams to provide a cushion in uncertain economic times. The reserves built in the past allowed the Village to function without cutting service. Commissioner Zabloudil said the Council needs to take action to address the risk analysis and fund balance analysis.

Commissioner Schnell asked that the Council be provided with an update on the sidewalks left to be done, in relation to Ms. Fregeau's comments earlier. Secondly, she noted that there is a

lot of yard waste placed out today that was not picked up. She said it will be picked up as of April 1. Lastly, she asked everyone to pray for our troops, our community and our country.

Commissioner McConnell commented on the Main Street construction, stating she lives in that area and said that the amount of traffic and speed of traffic has already been a problem. She asked that a crosswalk be placed at the 63rd and Main area for added safety.

Commissioner Tully said that April 1 is right around the corner, and asked that everyone cast their ballots in the upcoming election for Council representatives, as well as Park District and School District positions. He said that absentee balloting has already begun. Cable Channel 6 will have a forum on Wednesday night, as well as a School Board forum at Hillcrest School on Tuesday. He encouraged everyone to become informed as to the candidates.

Commissioner Sisul said that voters can vote at the Village or Township office by absentee ballot.

The Mayor congratulated the co-ed cheerleading team of Downers Grove South for winning the State Championship. He noted that the Downers Grove South basketball game is in the sectionals tonight in Champaign.

The Mayor also said District 58's Laughter for Learning at the Tivoli was a success and the District has signed a contract with the Kelly-Miller Circus for their 2003 show. The show will be on September 23 between O'Neill and Fairmount Schools.

13. Adjournment

Commissioner Sisul moved to adjourn. Commissioner Gilbert seconded.

VOTE: YEA - Commissioners Sisul, Gilbert, Zabloudil, Tully, McConnell, Schnell, Mayor Krajewski

Mayor Krajewski declared the motion carried and the meeting adjourned at 7:32 p.m.



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Home Rule and Non-Home Rule Sales and Use Taxes

What are home rule units?

The constitution of the State of Illinois (Article 7, Section 6) defines a home rule unit as a county which has a chief executive officer elected by the electors of the county and any municipality that has a population of more than 25,000. The constitution also provides that other municipalities may elect by referendum to become a home rule unit.

Who receives home rule sales tax distributions?

Only those home rule municipalities or counties that have imposed the tax by local ordinance or resolution receive home rule sales tax distributions.

Who administers this tax?

The Illinois Department of Revenue is responsible for administering home rule sales tax.

Are you required to file the local ordinance with us?

Yes. When you initially establish a Home Rule Retailers' Occupation Tax, or if you increase or decrease the rate, you must file a certified copy of the ordinance with us on or before April 1 for the tax rate to take effect July 1 and on or before October 1 for the tax rate to take effect January 1 of the following year. It is important to remember that the statutes require that a home rule unit that elects to impose a Home Rule Retailers' Occupation Tax must also impose a Home Rule Service Occupation Tax at the same rate.

What tax rate can be imposed?

Home rule sales tax must be imposed in 0.25 percent increments. There is no maximum rate limit.

On what items can the tax be imposed?

By statute, the Home Rule Retailers' Occupation Tax applies only to sales of general merchandise. Home rule sales tax does not extend to the sales of , items which require title or registration, or to the sales of qualifying food, drugs, or medical appliances (86 Ill. Adm. Code 130.310).

Can a home rule unit impose a use tax on vehicles?

Yes. The current Illinois statutes provide that a home rule government may impose a use tax on residents who purchase cars, boats, or other vehicles (from any retailer) and title or register them through an Illinois agency to an address in your taxing jurisdiction. This is Home Rule Use Tax.

Except in the case of Chicago, collection and administration of a Home Rule Use Tax is the responsibility of the home rule government.

It is important to note that auto and boat dealers will continue to file Form ST-1, Sales and Use Tax Return, and pay home rule sales tax on their other regular business activities, such as selling parts over the counter.

What is different about Chicago Home Rule Use Tax collections?

Retailers in Cook, DuPage, Kane, Lake, McHenry, or Will County must collect and pay the 1 percent Chicago Home Rule Use Tax for deliveries made on or after January 1, 1992, when the purchaser's address for titling and registration purposes is within the city of Chicago. They pay this tax when filing Form ST-556. Chicago receives their share of these collections based on the normal sales tax collection cycle.

How often will you receive your share of these taxes?

Distributions for the home rule taxes are made monthly on the same cycle as distributions for other sales taxes. For example, if sales tax is collected on a gallon of paint that is purchased in January and that same tax is paid on Form ST-1 filed on February 20, the local government will receive their share

August 17, 2004

Local Government
Allocation

Contacts

Distributions

Illinois Telecommunication
Tax Rate Reference
ManualStandard Industrial
Classification Code
ReportingAnnexation of Retail
Businesses

Census and Incorporations

Retailers Verification by
Local GovernmentsSales Tax Rates Machine
Readable FileLayout for Sales Tax Rates
Ordinance File Format

Property Tax

- ▶ Understanding the Illinois Property Tax System

- ▶ Understanding your Property Tax Bill

- ▶ Tax Relief and Incentive Programs

- ▶ Property Tax Extension Limitation Law

- ▶ Assessment Appeals

- ▶ Real Estate Transfer Declaration

- ▶ Information for Assessment Officials

- ▶ Forms and Assistance for Local Officials

of the tax collected in the early part of April.

Can home rule units impose and collect any other taxes?

A home rule unit may impose and collect tax on

- utilities,
- hotels,
- real estate transfers,
- restaurants,
- alcohol,
- tobacco products, and
- lease receipts.

What financial information is available to home rule governments?

Home rule municipalities and counties that impose a home rule sales tax may enter into a reciprocal agreement for exchange of information with us. This exchange allows designated individuals within the home rule unit to receive specific financial information. Under the terms of the agreement, and in accordance with the Illinois Compiled Statutes, the information provided must be kept confidential.

To update an information exchange agreement or for more information concerning the exchange of information between the Illinois Department of Revenue and home rule governments, please contact:

AUDIT OFFICE PROGRAM DIVISION
ILLINOIS DEPARTMENT OF REVENUE
101 WEST JEFFERSON
SPRINGFIELD IL 62794

217 785-6561

Are there any other facts you should know?

Interest is paid on home rule sales taxes. Collections are deposited into the home rule fund, and the money is promptly invested by the treasurer. Interest income earned during each month is reported to us for monthly distribution. This interest amount will be included in the check issued. A detailed breakdown of the interest and tax is provided in the monthly advice letter we send to both the clerk and treasurer of the local government.

The state does not impose an administration fee.

Taxpayers are allowed to take a 1.75 percent discount for timely filing and payment of these taxes. Any allowable discount that is taken is reflected in the local government distributions that are made.