



NON-HOME RULE SALES TAX REFERENDUM – FREQUENTLY ASKED QUESTIONS

What is a Non-Home Rule Sales Tax Referendum? It is a ballot measure to determine if the people of the Village of Libertyville will approve a 1% local sales tax for expenditures on municipal operations, expenditures on public infrastructure, or property tax relief.

Does a Non-Home Rule Sales Tax apply to all purchases? No. The Non-Home Rule Sales Tax is **not** charged on titled goods such as cars and trailers, nor does it apply to most groceries and medicines.

What is the current sales tax rate and what would it be if this measure passes? The current sales tax rate on general merchandise in Libertyville is 7%.

In 2016, the Village approved a 1% *Places for Eating Tax*. This tax applies to purchases where prepared food is sold at retail for immediate consumption with seating provided on the premises. Currently, the total sales tax paid for purchases subject to the *Places for Eating Tax* is 8%. If the referendum passes, the *Places for Eating Tax* will be repealed and the new 1% Non-Home Rule Sales Tax will apply. This means that no change will occur in the tax rate that is paid for purchase subject to the *Places for Eating Tax*.

If the referendum passes the tax would increase by 1% from 7% to 8% on certain goods such as hardware and clothing. The rate would remain unchanged on some goods such as cars, trailers and most groceries and medicines.

How would the tax affect my future purchases in Libertyville? The Non-Home Rule Sales Tax would add a penny on every dollar spent on certain items. For example:

<i>Product</i>	<i>Price</i>	<i>Cost with Current Tax</i>	<i>Cost with New Tax</i>
Coffee	\$3	\$3.24	\$3.24*
Sweater	\$45	\$48.15	\$48.60
Drill	\$150	\$160.50	\$162.00

*Unchanged due to *Places for Eating Tax*

Who pays sales tax? Anyone who buys items such as hardware and clothing or dines at restaurants in the Village of Libertyville.



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- Does voting YES allow the Village to increase the sales tax rate further in the future?** No. Voting YES only allows the Village the authority to collect a 1% Non-Home Rule Sales Tax.
- Does a YES vote make Libertyville a Home Rule community?** No. Voting YES on this referendum only grants the authority to collect a 1% Non-Home Rule Sales Tax.
- How much money would the additional sales tax generate?** A 1% Non-Home Rule Sales Tax is expected to generate about \$2,000,000 million per year of new revenue (with the repeal of the *Places for Eating Tax*).
- How would the money be spent?** In August of 2019 the Village Board adopted a Capital Improvement Plan (“CIP”) for FY 2020-2021 through FY 2029-2030. The CIP is a multiyear plan covering a ten-year period that helps the Village budget for and schedule capital improvement projects. The current plan identifies a shortfall of \$2.5 million annually to complete the projects outlined in the plan. This shortfall does not take into account the necessary stormwater improvements that have also been identified. If the referendum is approved funds from the tax will be used to complete the identified projects within the CIP. To view a copy of the CIP visit www.libertyville.com.
- Will roads be repaired using non-home rule sales tax funds?** The Village has 90 lane miles of roads. In 2012, voters approved a referendum to issue bonds to fund road repairs that covered approximately 30% of the Village’s total lane miles. Due to advantageous unit prices from competitive bidding the Village was able to complete approximately 40% of the Village’s total lane miles. The Village is currently updating the road assessment survey to prioritize repairs to the remaining 60% of roads. Non-home rule sales tax revenues will be utilized to fund repairs to the roads. It is anticipated that the updated road assessment report will be available in January of 2020.



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Why does the Village need additional revenue? Libertyville relies on sales tax, property tax and income tax which generates 56% of its total general fund revenue to provide police and fire protection, capital infrastructure investment, parks maintenance, snow plowing and other services to the community. Sales tax accounts for 27% of these three revenue sources.

While the Village funds its recurring operating expenses with recurring operating revenues, the General Fund's net operating income has decreased over time. Consequently, the Village is unable to make substantial transfers from General Fund reserves to pay for outstanding capital needs. Revenues from a Non-Home Rule Sales Tax would be used exclusively for investment in the Village's aging infrastructure. Examples of projects include roads, sidewalks, streetlights, parking lots, parks/playgrounds, facility improvements and technology.

I pay a lot of money in property taxes, where does it go? The Village receives approximately 9% of the property taxes you pay. In other words, for every \$1,000 of property tax paid, the Village collects about \$90. The remainder is provided to other taxing districts, such as the schools and library. The specific districts you pay toward are identified on your property tax bill.

Why raise the tax now? The Village has identified numerous capital needs over the next ten years without a funding source to complete the projects. In August of 2019 the Village Board adopted a Capital Improvement Plan ("CIP") for FY 2020-2021 through FY 2029-2030. The CIP is a multiyear plan covering a ten-year period that helps the Village budget for and schedule capital improvement projects. The current plan identifies a shortfall of \$2.5 million annually to complete the projects outlined in the plan. This shortfall does not take into account the necessary stormwater improvements that have also been identified. If the referendum is approved funds from the tax will be used to complete the identified projects within the CIP. To view a copy of the CIP visit www.libertyville.com.



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If the measure passes, when will the sales tax increase?

If the measure passes in March of 2020, the tax increase will take effect on July 1 of 2020. The Village would not expect to receive any new revenue until the October 2020 disbursement from the state, nearly one year after passage.

If the measure does not pass, what should I expect?

While the Village Board believes it will be able to continue to fund regular operations moving forward, if the Non-Home Rule Sales Tax referendum fails, the amount of resources available for capital projects such as road reconstruction, parking lots and parks will be extremely limited.

How would the new sales tax rate compare to the sales tax rate in nearby communities?

Libertyville- 8% (*Current Rate 7%*)
Mundelein- 8%
Lake Forest- 8%
Gurnee- 8%
Lincolnshire-8%
Vernon Hills- 7.25%
Grayslake- 7%

When will the measure appear on the ballot?

At the Presidential Primary Election to be held on March 17, 2020.

What is the referendum question as it appears on the ballot?

“Shall the corporate authorities of the Village of Libertyville, Lake County, Illinois, be authorized to levy a Non-Home Rule Municipal Retailers’ Occupation Tax and a Non-Home Rule Municipal Service Occupation Tax each at a rate of one (1%) percent for expenditures on municipal operations, expenditures on public infrastructure, or property tax relief?”