



## FREQUENTLY ASKED QUESTIONS NON-HOME RULE SALES TAX REFERENDUM

### **1. What is the non-home rule sales tax?**

The Village of Western Springs is a non-home rule municipality. The non-home rule sales tax is a local sales tax that can be enacted by non-home rule communities if approved by a referendum. The non-home rule sales tax can add up to an additional 1% to the sales tax rate. The additional tax is applied to tangible goods (excluding personal property that is registered with an Illinois state agency such as cars, trucks, snowmobiles) and prepared food purchases made within the Village. The sales tax does not apply to the sale of groceries, prescription/non-prescription drugs, and medical appliances.

***The Village of Western Springs is requesting an additional 1% sales tax in compliance with its non-home rule status.***

### **2. What does non-home rule mean?**

In Illinois, most small communities under a population of 25,000 are non-home rule. This means, among other things, that they have limited power to implement new taxes and fees and are subject to property tax caps. Home rule communities, on the other hand, have broader authority, allowing for an additional local sales tax through a local ordinance (called a home rule sales tax). Non-home rule communities can only implement this tax if approved by voters in a referendum.

### **3. How does this apply to the Village of Western Springs?**

If the non-home rule sales tax is approved, the current sales tax rate of 9% will increase to 10%. Notably, the Village currently only receives 1% of the 9%.

### **4. How much will this cost a shopper?**

For every \$100 spent on tangible goods and prepared foods, shoppers pay an additional \$1.00

### **5. Will this increase my grocery bill?**

No, taxation on groceries and medicine/prescriptions will not be increased.

### **6. Will this tax put our businesses at a disadvantage? Do other nearby communities have a local sales tax?**

This additional 1% will not put our businesses at a disadvantage. Many surrounding communities have a local sales tax, including La Grange, Oak Brook, Westchester, Indian Head Park, Countryside, and Hodgkins, to name a few.

### **7. Why does the Village need this now?**

Current infrastructure funding sources from the General Obligation Bonds, Series 2021, will be depleted by the FY 2024 construction season. The need for continuous infrastructure improvements and/or replacements will not be met without additional new revenue sources. Without new sources of revenue, the Village's ability to fulfill its commitment to maintain the infrastructure is reduced to merely ~20% of the required work. This changes the scope of maintenance and reconstruction to reactive versus proactive.

The additional sales tax is an alternate additional funding source that will be used to pay the annual debt service for any future bonds, issued by referendum.

**8. Why is the Village asking for 1% increase in sales tax?**

The Village is asking for the additional tax to assist in funding infrastructure projects. If approved, the revenue generated would be dedicated to “public infrastructure improvements”, which are defined by state law as “municipal roads and streets, access roads, bridges, and sidewalks; waste disposal systems; and water and sewer line extensions, water distribution and purification facilities, storm water drainage and retention facilities, and sewage treatment facilities.”

Non-Home Rule Sales Tax Referendum Funds may also be utilized for roadway maintenance such patching, street sweeping, and inlet repairs. The taxes generated would be used to pay the annual debt service of future bonds, eliminating the need to use property taxes to pay for the improvements (through General Obligation referendum Bonds). Per current state law, the Village will not be able to use the local sales tax revenue to pay municipal operational expenses.

**9. Property Tax – How is it allocated?**

The Village receives a small portion (approximately 12.28%) of the total property taxes that residents pay. This means that, for every \$1,000 on a tax bill, the Village receives only \$122.80. The remaining taxes go to other local taxing bodies, including the school districts, library, township, and Cook County. The 12% portion of the property tax received by the Village is utilized for public safety (including pensions), operating, and capital costs.

**10. Does this referendum provide the Village home rule authority?**

No, the Village is not seeking home rule authority with this referendum. This referendum will only grant the Village authority to implement a local sales tax to devote to public infrastructure.

**11. When will this referendum be placed on the ballot?**

The election will be held on Tuesday, November 8, 2022. If you are unsure of your polling place, you can get this information by going online to <https://ova.elections.il.gov/PollingPlaceLookup.aspx>

**12. If approved, when does this tax go into effect?**

The tax would go into effect on July 1, 2023.

**13. How can residents learn more about the referendum?**

Information about the proposed sales tax is available online at wsprings.com under the “Finance Department” tab. You can also subscribe to email and/or text news flashes via the “Stay Informed” icon on the front page of the Village website. Follow us on Facebook for additional updates.

**14. What is the referendum question as it appears on the ballot?**

**PROPOSITION TO IMPOSE A NON-HOME RULE MUNICIPAL RETAILERS’ OCCUPATION TAX AND A NON-HOME RULE MUNICIPAL SERVICE OCCUPATION TAX**

“Shall the corporate authorities of the Village of Western Springs, Cook County, Illinois be authorized to levy a Non-Home Rule Municipal Retailers' Occupation Tax and a Non-Home Rule Service Occupation Tax (commonly referred to as a “municipal sales tax”) within the Village at a rate of 1.0%, for expenditures on public infrastructure, or property tax relief?”	Yes	
	No	