



Village of Pingree Grove
Town Hall Discussion
Non-Home Rule Sales Tax Referendum
March 19, 2024

Welcome and Introductions

Purpose for Proposal

➤ Village Population Increase and Need for Additional Staff and Services

- 2000 Population: 124 Residents
- 2024 Population: Approximately 12,000 and growing

➤ Property Taxes

- Pingree Grove has one of the lowest property tax rates in the State
- Most Significant Factor: No property tax for Police Protection Services

➤ Additional Revenues from Non-Resident Sources

- The Board has approved a sales tax referendum as a method of raising revenue that captures revenue from non-residents as well as resident taxpayers

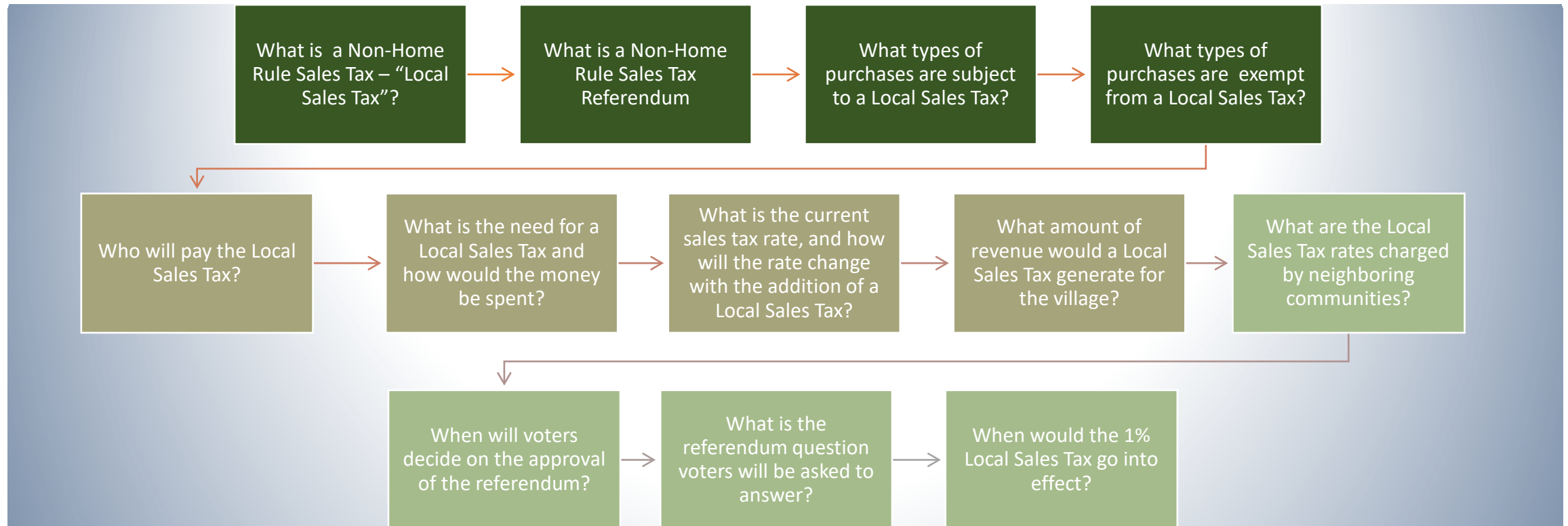
Property Taxes In Context

% Portion of Property Tax Bill	
Municipality	% Tax
Pingree Grove	2% – 3 %
Hampshire	5% - 6%
Gilberts	6% - 7%
Huntley	6% - 7%
Elgin	18% - 19%



Non-Home Rule Sales Tax Overview

Sales Tax Referendum Overview



Sales Tax Referendum Overview

What is a Non-Home Rule Sales Tax – “Local Sales Tax”?

A Non-Home Rule Sales Tax, “local sales tax,” is a tax upon all persons engaged in the business of selling tangible personal property at retail locations within a jurisdiction. Currently, the Village does not impose a Local Sales Tax and therefore, relies upon sales tax revenue it receives from the state, but the amount is not subject to local control.

Sales Tax Referendum Overview

What is a Non-Home Rule Sales Tax Referendum?

By Illinois law, Pingree Grove is eligible to enact a Non-Home Rule Sales Tax only if approved by a voter referendum. A Non-Home Rule Sales Tax Referendum is a ballot measure to determine whether residents of Pingree Grove village will approve the implementation of a 1% local sales tax on eligible goods.

Sales Tax Referendum Overview

What types of purchases are subject to a Local Sales Tax?

A Local Sales Tax applies to the purchase of qualifying general merchandise such as clothing, grooming/hygiene products, electronics, appliances, housewares/home décor, readily consumed foods and beverages, restaurant sales, alcohol sales, soft drinks and candy.

Sales Tax Referendum Overview

What types of purchases are exempt from a Local Sales Tax?

Local Sales Tax does not apply to the purchase of most groceries, prescription and non-prescription drugs, medical appliances, or items that must be titled or registered with a state government agency.

Sales Tax Referendum Overview

Who will pay the Local Sales Tax?

Local Sales Tax will be paid by all consumers – residents and non-residents alike – when purchasing eligible goods within the village corporate limits, including travelers passing through.

Sales Tax Referendum Overview

What is the need for a Local Sales Tax and how would the money be spent?

The Village has worked hard over the years to increase staffing levels, and making investments in critical infrastructure projects, while also being responsible stewards of taxpayer dollars. With the continued growth of the village and the need for additional staff to provide services to our community, the revenue generated from a local sales tax would go towards increasing the number of village employees; specifically, additional police officers and public works employees. Public safety and public works services are utilized by residents throughout the entire community and increasing the number of staff in these departments will increase their capacity to provide services and respond to challenges that arise in their respective areas.

Sales Tax Referendum Overview

What is the current sales tax rate, and how will the rate change with the addition of a Local Sales Tax?

The current sales tax rate on general merchandise in Pingree Grove is 7%, which consists of a 6.25% state sales tax, and a 0.75% Regional Transit Authority (RTA) tax. If a 1% local sales tax is approved by voters the sales tax rate would increase to 8%, with 100% of the 1% local sales tax revenue staying in the village.

Sales Tax Referendum Overview

What amount of revenue would a Local Sales Tax generate for the village?

The 1% Non-Home Rule Sales Tax is expected to generate approximately \$325,000 per year in new revenue. While the tax rate would remain the same going forward, the amount generated will increase as the village continues to develop commercial and retail properties.

Sales Tax Referendum Overview

What are Local Sales Tax rates charged by neighboring communities?

Pingree Grove residents may already pay local sales tax, at varying rates, when purchasing eligible goods in the following municipalities:

- Huntley, Algonquin, and Gilberts a 1% local sales tax is collected
- Elgin a 1.5% local sales tax is collected
- Carpentersville a 2% local sales tax is collected

Local Sales Tax Comparison

For comparative purposes, the following chart shows the sales tax rates for surrounding communities and how the varied tax rates affect the purchase price of a \$3 cup of coffee, along with the amount of tax revenue that stays in the community where the coffee was purchased.

Assuming Pingree Grove has combined sales of 500 cups of coffee daily over a one-year period, the implementation of a 1% local sales tax of 3¢ per \$3 cup of coffee would generate \$5,475 in new revenue annually. *(Psst...buy your coffee locally – it's cheaper and it will help provide services for you and your community!)*

MUNICIPALITY	State & Local Sales Tax Rate	Cost Large Coffee	State & Local Sales Tax	Total Cost	1.25% State Tax Revenue Share	Local Sales Tax Rate	Local Sales Tax Revenue	Total Purchase Revenue Share
Carpentersville	9.0%	\$3.00	\$0.27	\$3.27	\$0.04	2.00%	\$0.06	\$0.10
Elgin	8.5%	\$3.00	\$0.26	\$3.26	\$0.04	1.50%	\$0.05	\$0.09
Lake in the Hills	8.0%	\$3.00	\$0.24	\$3.24	\$0.04	1.00%	\$0.03	\$0.07
Huntley	8.0%	\$3.00	\$0.24	\$3.24	\$0.04	1.00%	\$0.03	\$0.07
Gilberts	8.0%	\$3.00	\$0.24	\$3.24	\$0.04	1.00%	\$0.03	\$0.07
Algonquin	8.0%	\$3.00	\$0.24	\$3.24	\$0.04	1.00%	\$0.03	\$0.07
South Elgin	7.5%	\$3.00	\$0.23	\$3.23	\$0.04	0.50%	\$0.02	\$0.06
Hampshire	7.0%	\$3.00	\$0.21	\$3.21	\$0.04	0.00%	\$0.00	\$0.04
Pingree Grove CURRENT	7.0%	\$3.00	\$0.21	\$3.21	\$0.04	0.00%	\$0.00	\$0.04
Pingree Grove PROPOSED	8.0%	\$3.00	\$0.24	\$3.24	\$0.04	1.00%	\$0.03	\$0.07

Sales Tax Referendum Overview

When will voters decide on the approval of the referendum?

A referendum will be posed in the form of a question on the March 19, 2024, Illinois Primary Election ballot.

Sales Tax Referendum Overview

What is the referendum question voters will be asked to answer?

“Shall the corporate authorities of the Village of Pingree Grove be authorized to levy a Non-Home Rule Municipal Retailers’ Occupation Tax and Non-Home Rule Municipal Service Occupation Tax (which together are commonly referred to as “municipal sales tax”) at a rate of 1% of eligible sales to generate revenue for expenditures on municipal operations, expenditures on public infrastructure, or property tax relief?”

A “**yes**” vote is a vote in favor of allowing the Village to implement a Non-Home Rule Sales Tax.

A “**no**” vote is a vote against allowing the Village to implement a Non-Home Rule Sales Tax

Sales Tax Referendum Overview

When would the 1% Local Sales Tax go into effect?

If the sales tax referendum passes, the sales tax rate would increase from the current 7% to 8% on all eligible goods, beginning in the summer of 2024.

Questions

Thank You