



120 Barrington Avenue, East Dundee Illinois 60118

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March 12, 2015

To: Village Board

From: Robert J. Skurla  
Village Administrator

Ref: Proposed rate increase in the Sales Tax for Village's Business Development Districts

As I have indicated over the last several months, the Village staff and Village Engineer will be developing a ten year infrastructure repair and replacement program in the upcoming fiscal year. The core of that plan will be to match up annual expenses with proposed or existing sources of revenue. The various existing revenue sources that will be factored in will include:

- 1 – Business Development District Sales Tax - incremental
- 2 – Home Rule Sales Tax - incremental
- 3 – Municipal Sales Tax – incremental
- 4 – Title Transfer Fees
- 5 - Gaming Tax Receipts and related Licensing Fees
- 6 – Amusement Tax
- 7 – Motor Fuel Tax

Proposed new sources of revenue include:

- 1 – Construction Debris Tipping Fees
- 2 – Municipal Waste Transfer Station Tipping Fees
- 3 – Solar Energy Utility Sales

While all but the “Solar Energy Utility Sales” fees/taxes are already in place or imminent to be placed in service, the timing and incremental addition to the existing fees/taxes are as important as the related expenditure to which they are earmarked. To that extent, if the Village wants to increase our sales tax rate for the two “functioning” Business Development Districts, we have two annual deadlines on which to file such changes with the State – April 1<sup>st</sup> and October 1<sup>st</sup>. Changes filed by those dates become effective exactly three months afterwards – on either July 1<sup>st</sup> or January 1<sup>st</sup>.

Our current BDD Sales Tax rate is  $\frac{1}{2}$  of 1% of gross sales on general merchandise. It is not extended to licensed vehicles, unprepared food or prescription drugs. Our current annual receipts are about \$450,000. I would like the Village Board to raise that rate by  $\frac{1}{4}$  of 1% to make the total new BDD Sales tax  $\frac{3}{4}$  of 1%. This would yield an additional \$225,000 to our annual BDD receipts for a total of \$675,000 of annual BDD revenues. If we adopt the two

enabling ordinances tonight, it will give us enough time to hold the appropriate public hearings and file the required documents with the State to begin collecting the increased rate starting on July 1, of this year. This will become part of the revenue side of the 10 year capital improvement and renewal plan for the Village.

I have openly advocated the development of revenue sources that do not come directly from Village residents. Although some of this new revenue would come from Village residents through the sale of general merchandise and prepared foods, it is safe to say that the \$90,000,000 currently being spent in East Dundee on such items is clearly coming from non-residents. To put it in perspective, if every "man, woman and child" living in East Dundee spent \$100 a month inside the Village on items subject to the BDD sales tax, this would only amount to \$3,432,000 in annual sales, or about 3.8% of the taxable sales. And every resident would have spent only \$3.00 on this increased sales tax for the entire year.

Ordinance No. 1514

**AN ORDINANCE OF THE VILLAGE OF EAST DUNDEE, KANE  
AND COOK COUNTIES, ILLINOIS, TO SET A DATE FOR A  
PUBLIC HEARING FOR THE FIRST AMENDMENT TO THE DUNDEE GATEWAY  
BUSINESS DEVELOPMENT DISTRICT**

**BE IT ORDAINED** by the President and Board of Trustees of the Village of East Dundee, Kane and Cook Counties, Illinois (the "*Village*"), as follows:

*Section 1.* It is necessary and in the best interests of the Village that a public hearing be held prior to the adoption of an ordinance by the President and Board of Trustees of the Village (the "*Corporate Authorities*") approving a First Amendment to the Dundee Gateway Business District Development Plan (the "*First Amendment*"), increasing the retailers' and service occupation taxes (the "*Taxes*") as imposed within the Dundee Gateway Business Development District (the "*Business District*"), legally described in *Exhibit A*, attached to and made a part of this Ordinance, which Business District was established by Ordinance No. 09-30 on October 19, 2009, in accordance with the Business District Development and Redevelopment Act, 65 ILCS 5/11-74.3-1, *et seq.* (the "*Act*").

*Section 2.* In order to approve the proposed First Amendment, the Act requires the Corporate Authorities to set a date for a public hearing, at which hearing all interested persons will be given an opportunity to be heard (the "*Public Hearing*").


*Section 3.* It is hereby determined that the Public Hearing shall be held by the Corporate Authorities on the 30<sup>th</sup> day of March, 2015, at 6:00 p.m., at the Village Hall, 120 Barrington Avenue, East Dundee, Illinois.

*Section 4.* Notice of the Public Hearing in the form attached hereto as *Exhibit B* is hereby authorized to be given twice by publication in the *Daily Herald* on the 17<sup>th</sup> of March and the 18<sup>th</sup> of March, 2015.

*Section 5.* If any section, paragraph, clause, or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause, or provision shall not affect any of the other provisions of this Ordinance.

Passed this 16<sup>th</sup> day of March, 2015.

APPROVED:

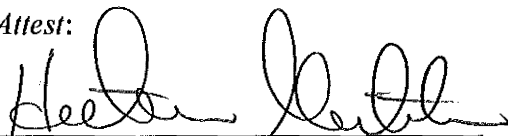
  
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Lael Miller, Village President

AYES: Trustees Gorman, Lynam, Selep, Wood and Mahoney

NAYS: Trustee Skillicorn

ABSENT: Ø

Attest:

  
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Heather Maieritsch, Village Clerk