

To: William T. Lichter, Village Manager  
From: Timothy Sexton, Assistant Director of Finance  
Date: October 26, 2005  
Subject: Non-Home Rule Sales Tax Referendum

The Finance Committee discussed the Village's financial condition and the need for a source of long-term additional revenue at its October 18, 2005 meeting, as requested by the Board of Trustees. There was discussion of your memo dated September 6, 2005 that was previously presented to the Board, and in particular, the impact that the tax cap will have on the Village in the upcoming years.

The Finance Committee unanimously recommended that the Village place a 0.5% non-home rule sales tax increase referendum question on a future ballot. Two issues arose that will impact which election that the referendum question should be placed. The Committee unanimously felt that the Village should consider hiring a consultant to assist in organizing an educational campaign on the referendum. Secondly, they were unsure as to whether there would still be enough time prior to the March 21, 2006 election for this educational campaign.

Staff has contacted the Village's financial consultant, Speer Financial, regarding this issue. They advised that in their opinion there is enough time to organize an educational campaign prior to the March 21, 2006 election, as long as we begin preparations prior to the end of the year. Staff is recommending that the 0.5% non-home rule sales tax increase referendum question be placed on the March 21, 2006 ballot. Therefore, the Village Board would have to adopt a resolution calling for the referendum no later than the January 5, 2006 Board meeting (assuming no special meetings). Staff also recommends that consideration be given to utilizing consulting assistance.

Please feel free to contact me should you have any questions.

Cc: Department Heads