



## MEMORANDUM

To: Finance and Administration Committee

From: Timothy Sexton, Director of Finance

Date: April 17, 2019

Subject: Revenue Information on Home Rule

Following our last meeting, the Finance and Administration Committee requested staff to provide information on the differences in revenue options related to Home Rule and Non-Home Rule municipalities. Attached is information on specific revenues, and the differences between home rule and non-home rule. Staff will go through these in detail at the Committee meeting and can provide additional information as requested.

Please note that this information is informational only as requested by the Committee, and does not advocate for a particular position on home rule status.

Tax Type	Current	With Home Rule	Current Revenue	Estimate of Revenue w/ Home Rule	Potential Additional Revenue for General Fund
Non-Home Rule/Home Rule Sales Tax	Lombard currently has a 1% Non-Home Rule Sales Tax. This can only be used for infrastructure of property tax reduction. The Village Board has dedicated the use of these funds to infrastructure.	A 1% Home Rule Sales Tax could replace the 1% Non-home Rule Sales Tax. The Village Board could decide how to use this revenue, rather than the state dictating the use of these funds. These funds could be used for any purpose, including operations and infrastructure.	9,300,000	9,300,000	9,300,000
Hotel/Motel Tax	Lombard currently has a 5% Hotel/Motel Tax. Under state law, a non-home rule community can only use these funds to promote tourism and overnight hotel stays.	Home Rule communities have the ability to decide how to use Hotel/Motel Tax revenues. The Village Board could decide how to use this revenue, rather than the state dictating the use of these funds. These funds could be used for any purpose, including operations and promoting tourism and overnight hotel stays.	2,000,000 total/ 1,200,000 usable (after LPFC rebate)	2,000,000 total/ 1,200,000 usable (after LPFC rebate)	1,200,000
Local Motor Fuel Tax	Non-Home Rule Municipalities are not allowed to have a local Motor Fuel Tax	Home Rule municipalities can have a local Motor Fuel Tax that is assessed per gallon. Examples of other local municipalities with this tax: Elmhurst - 1.5 cents per gallon, Downers Grove - 1.5 cents per gallon, generates \$344,000 for General Fund; generates \$200,000 per year that they use for buildings	-	200,000	200,000
Natural Gas Utility Tax/Natural Gas Use Tax	Lombard currently has a 5% utility tax on natural gas; however this only applies to property owners who get their natural gas supply from an in-state supplier. Commercial properties that get their supply from out-of-state suppliers do not pay this utility tax	Home Rule municipalities can have a Natural Gas Use Tax, which would impose the tax on all natural gas used in the Village, regardless of where the supplier is located. It is impossible to know how much additional revenue this would generate. The current revenue from the Natural Gas Utility Tax is approximately \$500,000	500,000	Unknown; best estimate is an additional \$100,000	100,000
Property Tax	Non-Home Rule Municipalities are subject to the tax caps (PTELL), which limits the increase in property taxes to the CPI increase plus new growth	Home Rule municipalities are not subject to PTELL. Many Home Rule municipalities voluntarily comply with PTELL. An additional benefit is that a Village Board could not increase property taxes in a particular year, but not have to worry about those amounts being gone forever, as is the case with Non-Home Rule municipalities	9,000,000	9,000,000	-
Video Gaming License Fees	Non-Home Rule municipalities are limited to licensing fees of \$25 per terminal	Home Rule municipalities can charge whatever they determine for licensing fees	Unknown	Unknown	Unknown
Real Estate Transfer Tax	Non-Home Rule Municipalities cannot have this tax	Home Rule municipalities can only have this tax if approved at referendum	N/A	N/A	N/A