

**VILLAGE OF LIBERTYVILLE
BOARD OF TRUSTEES**

COMMITTEE OF THE WHOLE

Tuesday, July 12, 2016
7:00 P.M.
Libertyville Village Hall
118 W. Cook

AGENDA

1. Call to Order
2. Approve Minutes of May 17, 2016 (Places for Eating Tax)
3. Continue Places for Eating Tax Discussion
4. Other Items

Any individual who would like to attend this meeting, but because of a disability needs some accommodation to participate, should contact the ADA Coordinator at 118 West Cook Avenue, Libertyville, Illinois 60048 (847) 362-2430. Assistive listening devices are available.

VILLAGE OF LIBERTYVILLE
BOARD OF TRUSTEES
Committee of the Whole
May 17, 2016

President Wepler called to order a Committee of the Whole at 6:30 p.m. in the Village Hall, 118 West Cook. Those present were: President Terry Wepler, Trustees Donna Johnson, Richard Moras, Todd Gaines, Jay Justice, and Scott Adams, and Peter Garrity. All Village departments were represented.

MINUTES APPROVAL

Trustee Johnson moved to approve the minutes of March 29, 2016 Committee of the Whole. Trustee Garrity seconded, and the motion carried on a roll call vote as follows:
AYES: Trustees Johnson, Moras, Gaines, Justice, Adams, and Garrity
NAYS: None

Trustee Justice moved to approve the minutes of the March 29, 2016 Executive Session, and Trustee Adams seconded, and the motion carried on a roll call vote as follows:
AYES: Trustees Johnson, Moras, Gaines, Justice, Adams, and Garrity
NAYS: None

PLACES FOR EATING TAX

President Wepler introduced the 1% food and beverage tax which would be applied to purchases of food and/or beverages for immediate consumption and paid by the customer. The tax would be paid directly to the Village on a monthly or quarterly basis to coincide with the filings to the State of Illinois Department of Revenue. The Mayor asked for Board comments.

Trustee Moras stated that this was a good time to discuss utility and food and beverage taxes. He noted the impact of pensions and the necessity to protect the general fund balances. He also noted the burden and challenge a tax would cause for business owners, and added that he favored an annual sunset clause.

Trustee Johnson acknowledged the impact the tax would have on businesses, but she noted the negative impact the State could have on municipalities. Not knowing what will occur, she noted that the Village had to forecast alternative revenue sources for maintenance and to prepare for deficits.

Trustee Gaines concurred. Trustee Justice concurred and favored adding the sunset clause.

Trustee Adams noted that with the uncertainty of the general fund and the end of the TIF, the added tax could be used broadly in funding Village projects. He asked for business owners' input and any other ideas.

Trustee Garrity expressed concern that fund surpluses would be allocated to pension obligations, and in order to build the general fund, the tax should be considered.

The Mayor agreed that pension obligations have put the Village in a deficit. He then opened the discussion to public comments and questions.

Mark Khayat, Austin's, stated that 75% of his customers come from Libertyville, and rather than tax them, he preferred street metering for parking.

Tim Anderson, 821 Bartlett Terrace, questioned who managed the pensions. The Mayor explained that the State of Illinois sets the amount with changing actuarial tables. The Village has a Police and Fire Pension board, but the States sets the guidelines and the amounts to be paid.

Corey Grupe, O'Toole's, stated that the restaurants have invested in the Village and should have something returned to them. He noted that taxes had increased from 6.75% when O'Toole's opened to 11/75% currently. The Mayor explained that as a non-home rule municipality, the State sets the portion of returned income tax while Village costs do not freeze.

John Durning, Pizzeria DeVille and 133 Sunnyside, stated that the tax would be difficult to administer, and he added the importance of a sunset clause and a cap on the tax. He also suggested that the tax collected from a certain district should be used in the districts. He also suggested parking meters.

Chris Searles, Culver's, asked if fines would be imposed and what maintenance would be completed with the tax. Trustee Moras responded that the tax would be added to the General Fund for all Village projects.

Danielle Little, Bagels by the Book, stated that prices would have to be raised to include the tax. She suggested checking with Gurnee to see how much the tax could generate. She also suggested checking to see the possibility of a parking fee. Another resident agreed that \$2.00 for parking would be better than burdening the restaurants.

Jeff Harger, 105 Ashley Lane, questioned how the tax would impact business practices. He noted the additional paper work and the possibility of fines and penalties.

Administrator Bowens explained that the tax would go directly to the Village and would be completed at the same time as the State tax form – monthly or quarterly.

Patrice Sutton, Director of Finance, stated that the tax could be collected electronically.

Village Attorney David Pardys explained that the State statute allows for a business district to impose a sales tax, but the area must be identified prior to imposing the sales tax. The Mayor noted that the tax is needed for the entire Village, not just one area.

Lee Kueber, Milwaukee Trace/Taco, questioned why residents should have to pay this tax, and he asked if the utility tax would be phased out. He favored shifting the tax to others rather than residents. The Mayor again noted the limitations of a non-home rule municipality. Trustee Moras noted the differences in the two taxes. The utility tax was imposed when the Village was headed for insolvency and was reduced and partially eliminated. The State's financial situation put a hold on eliminating the entire tax. Utility tax impacts all residents, but the proposed tax would be applied to a discretionary activity.

John Durning asked if the Village could charge for parking or add meters and fines. The Mayor noted that additional manpower that would be required and added that costs would have to be weighed. Trustee Gaines suggested checking with surrounding municipalities, and Administrator Bowens stated that the information was available. Trustee Johnson stated that free parking add to the convenience of choosing a Libertyville restaurant. The Mayor stated that parking meters would require State approval.

Anna Draa, 1020 Ashley Lane, asked why only restaurant owners were being impacted. Adding parking meters would spread the costs.

Tim Anderson stated that parking meters would be the wrong direction. He then asked how the tax could be reversed. The Mayor explained that annual sunset clause. Trustee Moras stated that maintenance and the general fund growth were the motivation for the tax increase. The Mayor and Trustee Moras also explained that rebate program with the local car dealerships.

Danielle Little asked when the decision regarding the tax would be made, and the Mayor stated that no date was set. The matter was just in the discussion state.

The group discussed the percentage of local residents dining in the restaurants. Kyle Cashman, O'Toole's, stated that he preferred electronic payment since the tax would require more work. Lee Kueber stated that a 1% overall would level the playing field. Trustee Gaines noted that .40 on a \$40.00 bill was no much impact. He was far more concerned with the impact on owners and the burden of collection. Mark Khayat stated that he was concerned with increases to his customers. Trustee Gaines stated the importance of a cap and a sunset clause. Mark Khayat noted that other towns include restaurant incentives.

Chris Searles stated that the tax was not as big an issue as the collection, time, and fees involved.

President Wepler stated that a parking fee for the garages would be expensive, and meters on Milwaukee Avenue would require State approval. Trustee Moras stated that he would like to get all information on costs and revenues. Trustee Johnson asked for comparative data. Trustee Gaines asked for costs and revenue. Trustee Moras asked for information on the cost of a referendum and information on non-home rule sales and property taxes.

Maria Mandarino, The Green Room, asked for a comparison of revenue brought in by restaurants versus car dealerships. She asked if there were any benefits for restaurateurs. The Mayor noted the Libertyville Eating guide, the work of the Village Economic Development coordinator and commission, and the Lake County Visitors' Bureau. He added that the manufacturers dictate that dealerships remodel and make improvements and that they provide substantially more sales tax. Trustee Johnson suggested consideration of restaurant incentives proportionate to the businesses.

Trustee Adams thanked everyone for their input and expressed appreciation for all the businesses and MainStreet have done.

Trustee Garrity stated that he did not favor parking fees, but if owners preferred that, he stated it required serious consideration if it could be easily administered.

PROPOSED DEVELOPMENT OF THE TRIMM PROPERTY

President Wepler introduced Mr. Rick Swanson to discuss his proposal for Station Square Development. The Mayor invited members of the Plan Commission, Economic Development Commission, and the Appearance Review Commission to attend the meeting. Preliminary plans include:

Train Station - Renovations to the existing train station and a total of 461 parking spaces

Roundabout – Addition of a central feature with a clock tower

Attached Single-Family Residential Units – Addition of units with approximately 2,200 square feet with rear-loaded garages

Luxury Apartments – Construction of two four-story, 56 unit buildings with 46-enclosed parking spaces underground and an additional 50-outdoor spaces. Ninety-two of the units would be set at market price, and 18 units would be established as affordable housing.

Mr. Swanson explained a possible land swap with the Village and noted that contaminants would be removed. A retention pond was also included in the plans.

The Mayor asked for questions. Trustee Johnson asked for apartment unit sizes, and Mr. Swanson noted approximate numbers and sizes: studio - 550-650 sq. ft.; one bedroom – 750 sq. ft.; two bedroom – 1,100 sq. ft.; and three-bedroom – 1,250-1,350 sq. ft. He added that approximately 50% of the units would be one bedroom, 25% two bedroom, 10% three bedroom, and the balance studios.

There was discussion of dynamics of apartment residents, price ranges, and resident compatibility. Trustee Johnson stated the importance of property management performance and accessibility.

Trustee Garrity asked about the impact on traffic at Brainerd and Lake Street. Mr. Swanson stated that although there would be more traffic, there would be more available parking. Plus the plan will prepare for future development of a boulevard.

Trustee Moras noted the absence of a grocery store. The Mayor stated that Metra is doing a TOD study, noting that there is no transportation to and from a grocery store or a store within walking distance.

Trustee Moras stated that he liked the overall plan. Trustee Johnson questioned the volume of traffic and the number of apartment types. Trustee Justice questioned the cost of cleanup, and Mr. Swanson stated that his group was willing to absorb the cost of removal of contaminants. Trustee Gaines questioned the parking space size, and Mr. Swanson stated the spaces would be 8'6", which Director Spoden approved. Trustee Adams asked if there were a possibility of a connection with the development on Winchester Road. Mr. Swanson stated that Metra had denied access. The Mayor suggested pursuing a walkway to Butler Lake Park with the cemetery board. Trustee Garrity questioned the impact on local school districts.

Mr. Joe Wilson, resident and member of the Cemetery Board, stated his concerns with: fencing or a berm between properties, the lack of green space, the retention basin, dog issues, and traffic flow.

Mr. Jim Engdahl and Mr. Ken Stenke both expressed concern with traffic at the intersection of Lake and Brainerd and suggested a second access to the property.

EXCEPTION FROM OFF STREET PARKING

President Wepler introduced the discussion the zoning code entitled "Exception from off-Street Parking Requirements for Existing Buildings and uses in the C-1 Downtown Core Commercial District." The existing rule has allowed parking spaces to go from office to retail to restaurant without the requirement to provide additional parking. The

discussion was whether to keep the current policy or require that the increase in intensity of use should also require for additional parking or pay in lieu of providing the required parking spaces. The Mayor asked for Board comments and questions.

Trustee Adams stated that he favored changing the code to accommodate additional parking. Trustee Moras stated the need to be fair and equitable and questioned the impact of the change with higher density. Trustee Garrity favored an overall parking plan.

Trustee Gaines noted his sensitivity to property owners and favored further discussion.

Mr. Jeffrey Lovinger asked if the change would apply to all tenants or just first-floor tenants. Trustee Moras stated that the requirement would not be case-by-case and favored further discussion. The Mayor stated that he did not want to impact the positive current businesses.

Mr. Ken Stemke did not favor scaring off businesses with parking requirements.

Trustee Johnson noted that the type of restaurant and type of liquor license should be reviewed. The current variety and price range are good, but she expressed concern with too many restaurants.

The Mayor suggested referring the issue to a committee. Director Spoden noted that the issue would eventually come before the Plan Commission. The Mayor referred the issue to the License and Permits Committee.

ADJOURNEMENT

With no further business to come before the Committee of the Whole, the Mayor asked for a motion to adjourn. Trustee Adams moved to adjourn, Trustee Moras seconded, and the motion carried on a unanimous voice vote at 9:25 p.m.

Respectfully submitted,

Kevin J. Bowers, Deputy

Sally A. Kowal

Village Clerk

Memorandum

TO: Mayor and Village Board

FROM: Kevin J. Bowens, Village Administrator 

DATE: June 30, 2016

SUBJECT: Places for Eating Tax

The Mayor and Village Board held a Committee of the Whole meeting on May 17, 2016 with Village restaurants and related businesses to discuss the possible establishment of a 1% “Places For Eating Tax” as a potential revenue source.

BACKGROUND:

Each year the Mayor, Village Board and Village Staff review all expenditures within the Village budget to assure taxpayers that the Village is providing services and programs in the most cost-effective and efficient manner. The Village continues to operate with a balanced budget, and expenditure savings have been realized over the last several years through a reduction in personnel (20 employees), consolidation of certain Village services (e.g. 911 dispatch with the Village of Vernon Hills, ambulance service to the Knollwood Fire Protection District) joint purchasing with other communities, privatization of certain Village services, and increased utilization of technology. The Village has also reviewed and discussed short-term and long-term financial sustainability strategies, additional revenue sources (which are limited for a non-home rule community such as Libertyville) due to a number of upcoming challenges, including the expiration of the Libertyville TIF District (which was used for the streetscape and parking improvements downtown, and cannot be used for ongoing maintenance expenses) the impact of the property tax cap and increasing pension obligations, and the continuing financial crisis with the State of Illinois and potential impact to municipalities like Libertyville (e.g. property tax cap and 2 – year property tax freeze, reduction in LGF revenues, etc....).

After reviewing various options, the “Places For Eating Tax” had been identified as a potential revenue source which a non-home rule community like Libertyville can enact, which would allow the Village to remain proactive with the business community and would have a minimal impact on Libertyville taxpayers. The tax rate would be 1%, is a pass-through and apply to purchases of food and/or beverages for immediate consumption, and pass-through to customers. The tax would apply to any establishment that provides a seating area and would include businesses offering catering services. Any affected business would be required to file a separate Village tax return with the 1% collection pay directly to the Village on a monthly or quarterly

basis, coinciding with the businesses sales tax filings with the State of Illinois Department of Revenue (the current 7% collection will continue to be remitted directly to the State of Illinois). The 1% Places For Eating Tax would be in addition to the general merchandise sales tax rate of 7% currently applied to purchases in the community, for effective rate of 8% on dining. The current 7% rate is comprised of: 5% state of Illinois, 0.75% Regional Transportation Authority, 0.25% County of Lake, and 1% Village of Libertyville. The 1% Places For Eating Tax rate would be competitive to that currently applied to dining purchases in surrounding communities, which have rates that range from 7.25% to 11% (see attached chart, and June 29, 2016 Daily Herald article). Staff estimates that the tax would generate approximately \$700,000 per year, and which some or all of the revenue would be utilized to offset the approximate \$500,000 the Village spends on economic development tourism, streetscapes and parking maintenance. Staff research indicated appears that enacting such taxes in surrounding communities did not negatively impact eating and drinking business or revenues in most cases.

COMMITTEE OF THE WHOLE FOLLOW UP:

During the recent Committee of the Whole meeting, there were a variety of responses from local businesses toward the idea of the Places for Eating Tax, some of whom were supportive, some uncertain, and others opposed to the tax. If the Village proceeds to enact the tax, there appeared to be general support among the businesses and Village Board to include a sunset provision, allow the electronic filing of the tax to the Village, and place a cap on the 1% tax amount. Several business owners suggested that the Village consider increasing utility taxes, however the Mayor and Village Board members explained that the utility taxes have been used and would only continue to be considered for financial emergencies, and noted that the utility taxes would have a much greater and direct financial impact on individual businesses versus the pass-through of the Places For Eating Tax. Creating a Business District in the downtown area was also discussed, however the Village Attorney indicated he did not believe the downtown would meet the Business District Statute criteria.

Several other business owners suggested the Village consider either reinstalling parking meters in the downtown, or establish a fee for downtown parking. Libertyville previously had parking meters in the downtown, and those removed in the late 1980s as part of efforts to redevelop the downtown area and encourage retail activity. While not necessarily supportive of the parking meter/fee suggestion, the Village Board asked the Staff to review the idea further. The Staff requested the Northwest Municipal Conference (NWMC) conduct a parking meter/fee survey. A copy of the NWMC survey is attached, which indicates that Evanston is the only NWMC member suburban community that currently utilizes parking meters (Skokie recently removed their parking meters in the downtown area, due to competition with the old Orchard Mall, and Arlington Heights removed their parking meters in 1996). Evanston's parking meters are located in the downtown area and smaller business districts, and are the smart meter variety which accept credit card, coin, and payment by phone, along with pay stations in surface parking

lots (this is similar technology to that utilized by the Village of Libertyville in the Prairie Crossing and Newberry commuter parking lots). Evanston indicates that the cost for installation was \$1,170,440 (approximately \$532 per parking space), with annual revenues of approximately \$3,058,650 and annual expenses of \$2,569,253 - \$500,000 directly attributable to maintenance and web expenses for the pay stations, general repairs, replacement of solar batteries, credit card fees, etc. The first hour of parking is free, and then rates range from \$2.00 to \$13.00 depending on how many hours the vehicle is parked.

Staff research has found that the jury is still out on parking meters, and they are generally used in larger communities to force turnover of parking spaces on a predictable schedule, rather than as a revenue source. While further research would need to be conducted to determine revenues and costs associated with installing and maintaining parking meters and/or pay stations in the Libertyville downtown area, applying the revenues and expenses associated with the City of Evanston meters/fees to the number of parking spaces in downtown Libertyville indicates a rough estimate of \$237,000 in net annual revenues to the Village. The "Customer First" Parking Program established by the Parking Commission and Village Board and associated time zones and enforcement for parking has worked well in terms of providing necessary turnover in parking spaces for downtown customers. These issues were also recently discussed with Economic Development Commission, who recommends the Places for Eating Tax but opposes the reinstallation of parking meters in the downtown, as well as the Libertyville Parking Commission, who also opposes the reinstallation of parking meters/fees in the downtown. Staff believes that free parking in the downtown has been one of many tools that have helped to create a vibrant and successful downtown, and with additional restaurant development and associated free parking in areas surrounding the Village such as in Vernon Hills, the staff would recommend that the Village not pursue parking meters or parking fees in the downtown at this time.

The Village Staff has also discussed the Places for Eating Tax with representatives of Libertyville Elementary School District 70 and Libertyville High School, who contract with private companies to run their cafeteria operations and which could potentially be required to pay the Places for Eating Tax. Staff does not believe that the Village Board's intent was to include other taxing districts, and would recommend a specific exclusion if the Village Board decides to proceed with the Places for Eating Tax.

RECOMMENDATION:

Based upon discussions from the Village Board Committee of the Whole meeting and input from those business owners that attended, recommendations from the Village Economic Development Commission and Village Parking Commission, as well as the follow-up research conducted by

the Administrative Staff, we would recommend that the Village Board proceed with the Places of Eating Tax subject to the following conditions:

1. Include a sunset provision for review of the tax;
2. Arrange for business owners to electronically file the tax with the Village of Libertyville;
3. Place a cap on the amount of the tax at 1%, which is equal to the current State of Illinois cap;
4. Include an exemption for private companies that contract for food services with other local taxing districts.

Finally, there was a brief discussion regarding expanding a sales tax to businesses besides restaurants. As a non-home rule community, Libertyville does have the option of imposing a non-home rule sales tax by referendum. The tax would be imposed on the sale of general merchandise and groceries, drugs, and automobile sales are exempt from such a local sales tax. The tax is collected by the State of Illinois, and Village Staff previously estimated that each .25% increment would generate approximately \$400,000 per year, or \$1,600,000 per year for a full 1% tax. The next general election is November 8, 2016, and a Resolution or Ordinance to have the non-home rule sales tax appear on the ballot would need to be approved by the Mayor and Village Board no later than August 22, 2016.

Cc: Administrative Staff
Economic Development Coordinator

Municipality	1. Does your community have parking meters?	2. If no, did you ever have them and why were they removed?	3. If yes, where are they located (e.g. downtown area, etc.)?	4. If yes, what type of meters do you have (manual coin operated, electronic)?	5. Do you have the cost of installation - total and per meter?	6. Do you have the annual cost associated with operating the meters?	7. If yes, are they supported by the business community?	8. If yes, what is the revenue generated by the meters?	9. If yes, what is the revenue used for?	10. If yes, were any installed on either State or County routes, and if so were there any special requirements?
Arlington Heights	No.	Yes in 1986 for approx. 2 years. They didn't function properly.								
Barrington	No.									
Buffalo Grove	No.									
Des Plaines	Yes	N/A.	Downtown computer lots	Electronic pay stations.	Approximately \$13,000 each.	Yes.	They are self-supporting.	Approximately \$160,000	Maintenance of the parking lots.	No.
Evanson	Yes	N/A.	The core downtown area and small business districts.	Smart Meters (Electronic, accept credit card, coin and pay by phone). Also use pay stations in surface parking lots.	Total \$1,170,440. That is approximately \$532 per space. This includes single space (1736) and 27 multi-space pay stations (463). Additionally the 1736 single space meters already had posts in place.	approximately \$500,000 per year (does not include credit card fees). The figure includes but is not limited to armored car (coin), back office support for credit card and reporting (single head), maintenance and web office repairs if out of warranty. (Solar powered but batteries need replacement approximately every three years).		2015 revenue was \$3,058,650;	Yes. To the best of my knowledge there are no special requirements.	
Grayslake	No.	We have never had them.								
Hoffman Estates	No.	Never								
Lincolnshire	No.	Never had them.								
Niles	No.									
Palatine	No. we have timed zones but no meters, they are monitored by police assistants.	I am not aware of ever having them.								
Prospect Heights	No.	Meters have not been used - City lacks street parking.								
Rolling Meadows	No.									
Schaumburg	No.									

Parking Meter Survey

May 2016

Municipality	1. Does your community have parking meters?	2. If no, did you ever have them and why were they removed?	3. If yes, where are they located (e.g. downtown area, etc.)?	4. If yes, what type of meters do you have (manual coin operated, electronic)?	5. Do you have the cost of installation - total and per meter?	6. Do you have the annual cost associated with operating the meters?	7. If yes, are they supported by the business community?	8. If yes, what is the revenue generated by the meters?	9. If yes, what is the revenue used for?	10. If yes, were any installed on either State or County routes, and if so were there any special requirements?
Skokie	Yes - Digital pay stations at CTA commuter lots only.	Downtown meters and visitor parking meters removed in 2014.	They were throughout the Downtown District.	They were mechanical.	N/A.	No.		N/A.	N/A.	They were located on Village ROW.
Streamwood	No.									
Wheeling	The Village of Wheeling does not have (nor have we ever) any parking meters in our community.									

Ten steps to creating great streets

Streetscapes create memorable places, unique identity and economic development.

1 **Visioning** is a documented process that defines "who we are" and "who we want to be." This is an opportunity for everyone to provide input and generate ideas no matter how realistic, quirky, or pie-in-the-sky. Visioning creates participation and buy-in, allowing everyone to see how their idea fits with everyone else's ideas. Tools include: brainstorming sessions, sketches and photo-renderings.

2 **Paving** is defined as treatment of the ground plane with different materials, textures, patterns and motifs. Different materials can influence a person's perception of a space:

- Gravel: rural or park-like, informal, rough
- Brick: urban, traditional, decorative
- Concrete: urban, non-descript
- Colored/Patterned Concrete: urban, artistic
- Asphalt: urban, vehicular

Paving can be used to define space and guide movement. Consider space requirements for people to walk, linger, sit or dine. Combine materials with site amenities to create design palette/character of a place. New paving or well-maintained paving suggests a sense of pride and economic prosperity.

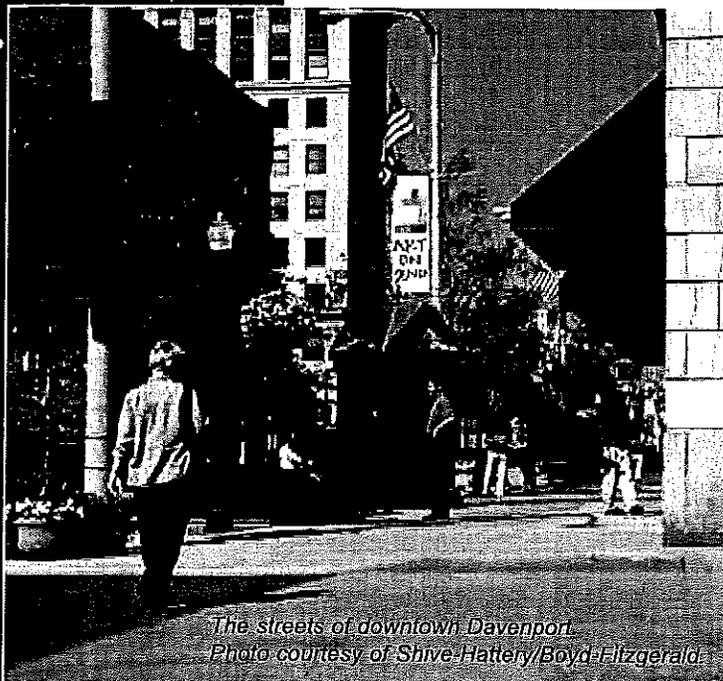
3 **Lighting** creates memorable places, day and night. Good lighting enhances security and increases opportunity to use spaces 24 hours a day. Different types of lighting include: flood, pedestrian, accent, street, landscape and architectural.

4 **Building Façades** represent the outside walls of streetscapes. There should be a complementary relationship between buildings and streets, such as the uniform relationship seen in historic downtowns. Possible improvements could include façade renovation, awnings, window decoration, identifiable entries and pedestrian-friendly signage.

5 **Way-finding** is not just signage anymore! Consider way-finding as a complete package of signs, markers, monuments and signals. Way-finding helps establish "where I am," "where I'm going" and "what else is around." Think about what it should look like and how the different elements should work together.

6 **Parking** needs must be balanced with the various needs of the people including safe pedestrian areas, places to meet or proportional use of space. While people prefer parking close to their destination, they will walk if the destination and pedestrian experiences are enjoyable. Coupled with lighting and site amenities, parking can be used to successfully transition between vehicular-only and pedestrian-only areas. Parking "zones" can be created on-street using paving.

The jury is still out on parking meters. Generally they are used to force turnover of parking space on a predictable schedule. They are usually needed when there is a perceived shortage of parking. Communities with ample visible parking opportunities can do without meters. Surface parking lots may eliminate the need for on-street spaces. Parallel, on-street parking creates a buffer between pedestrian and vehicular traffic. Angled, on-street parking creates a wider buffer but is less efficient.



*The streets of downtown Davenport.
Photo courtesy of Shive-Hattery/Boyd-Eitzgerald.*

7 **Site Amenities** are what people usually think of when discussing streetscapes. There are many different furnishings and fixtures options:

- lights
- waste receptacles
- ash urns
- kiosks
- planters
- street signs
- benches
- tables

As with way-finding, you need to consider the complete package of site amenities when planning a streetscape. Size, form and materials should be complementary. Use of one or two defining characteristics (e.g. powder-coated metal, concrete, wrought iron, traditional, contemporary) will allow phased installation and replacement as needed.

8 **People** must drive your streetscape design. Site amenities, lighting, way-finding and paving will attract and encourage people to use your streetscape spaces. Creating places for people for all hours of the day is a sign of life, action and drives economic prosperity.

9 **Maintenance** personnel need to be involved early in the design and development process to ensure their input and buy-in. It is critical to ensure the maintenance budget covers both ongoing and future maintenance (replacement) needs. Consider the life-cycle costs of design decisions.

10 **Funding** is available for streetscape projects, especially when the projects are tied to other improvements (e.g. building renovation, sewer construction, road widening). Several funding options for cities include:

- **Local option sales tax** - an additional percentage of tax added on to purchases made within that city. A majority of the eligible electors in that city must approve the measure in a county wide election.
- **Capital Improvement Program (CIP)** - A CIP is a long-range plan, usually four to six years, which identifies capital projects and equipment purchases, provides a planning schedule and identifies options for financing the plan.

The plan provides a link between a city's comprehensive and strategic plans and the city's annual budget.

- **Tax Increment Financing (TIF) districts** - Tax increment financing (TIF) is a method of reallocating property tax revenues that are a result of an increase in taxable valuation above a "base valuation" figure within a tax increment area. Until the tax increment debt has been repaid, tax revenues produced must be spent by that jurisdiction for projects within that area.
- **Self-Supported Municipal Improvement Districts (SSMID)** - Businesses that own property in the district agree to pay additional property taxes and those funds are pooled strictly for the use of community improvements within the district.

The article was submitted by Landscape Architects Sandy Doran and Bill McCarley, both of Shive-Hattery Group, Inc. Shive-Hattery is a design firm that provides in-house architectural and engineering consulting services for governmental, industrial, private sector and institutional clientele. They have three offices in Iowa located in Cedar Rapids, Des Moines and Iowa City and one in the Quad Cities. For more information, go to www.shive-hattery.com.



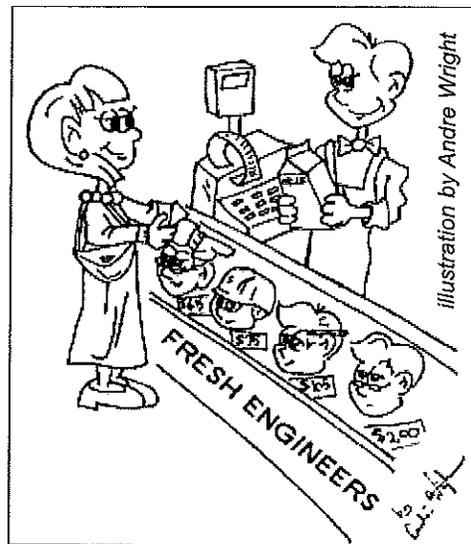
This building façade and streetscape of downtown Fort Dodge shows the blending of the old architecture with the new development.

How should a city choose professional engineering services? Is picking an engineering consultant like picking apples?

Apples are apples; they are a commodity. All things being equal, you get them at the closest store, at the lowest price. When needing engineering services, this is not buying a commodity. Selecting the right engineer will make a difference for your community.

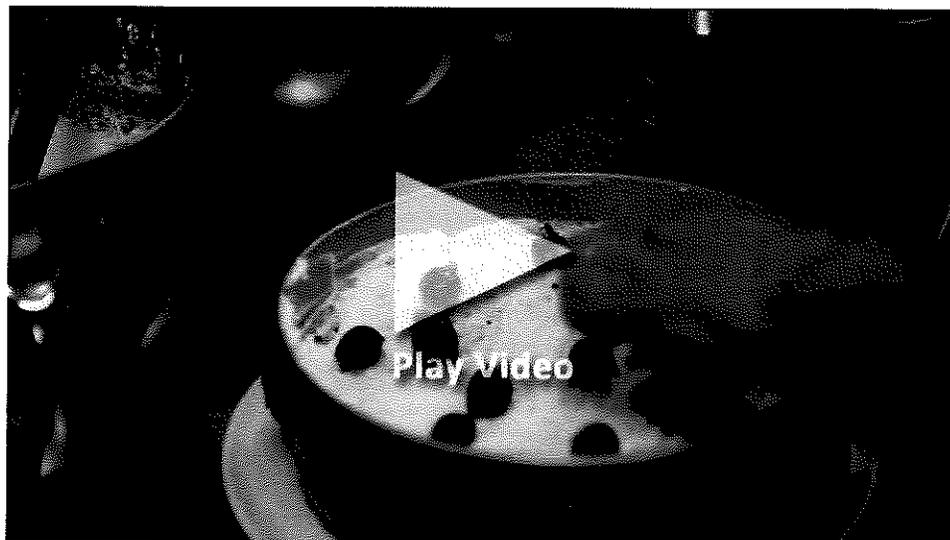
Here are several key things to look for in an engineering firm:

- They have focused expertise. Taste-test the apples. Do they have a good record of municipal engineering? Are they well referred by others?
- They want a relationship, not a project. Be wary of the firm chasing projects. Hire firms that are truly interested in your community and care about a long-term relationship with you.
- They will be an extension of your staff. Look for consultants who view themselves as extensions of your city team. Will they respond at a moments notice? Do they care as much about your success as you do?
- They go beyond design. Your engineering firm should be your trusted advisor and bring more than design to the table including funding information and specialty services like landscape architecture.
- They know their limits. A good consultant will tell you if a project is more than they can handle, is outside their expertise or is not something they are comfortable doing.



Columns updated: 6/29/2016 2:27 PM

Which suburbs tax you more to eat out?



Video: Extra food and bev taxes



Jake Griffin

Every Quarter Pounder with Cheese sold at the Hanover Park McDonald's on Lake Street costs 11 cents more than the same burger two miles away in Bloomingdale.

Ronald McDonald isn't pocketing the difference in his oversized clown pants. Instead it's going into Hanover Park's coffers along with more than \$1 million more collected from other establishments through the village's 3 percent food and beverage tax.

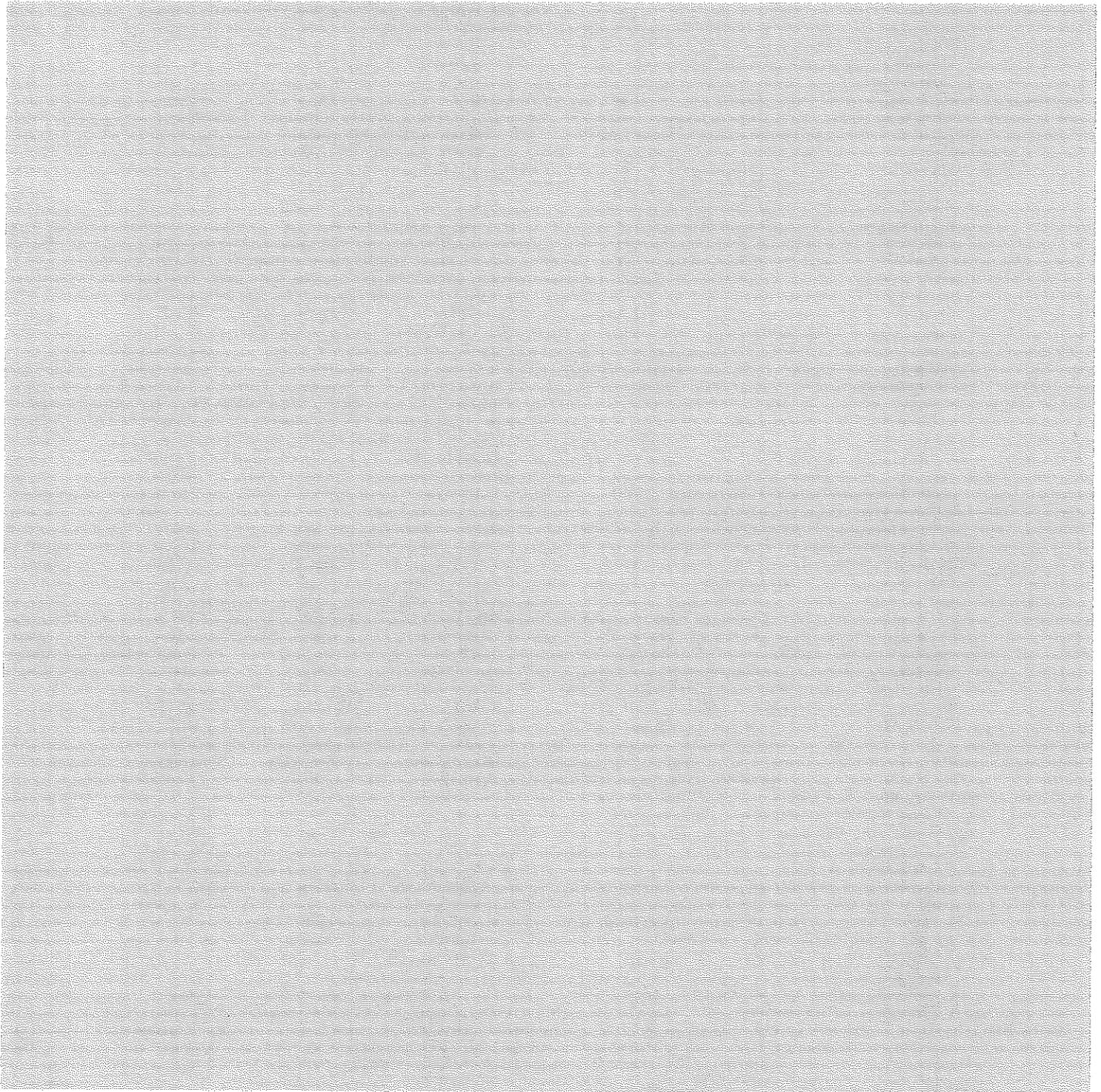
That's the highest rate among 25 suburbs in six counties that charge a similar tax, according to a Daily Herald analysis of municipal audits. Elgin charges a similar rate, but it applies only to booze sales.

All food and beverage taxes are in addition to sales taxes that are already as much as 10 percent in some places. Those 25 towns combined to generate almost \$41 million from food and beverage taxes over the last fiscal year.

<http://www.dailyherald.com/article/20160629/news/160628967/>

"We don't have a lot of retail vitality, so this is another source that helps us maintain the quality of life and improve upon that without putting the burden on property owners here," said Hanover Park Mayor Rodney Craig. "It offsets the cost of operating the village in an effort to keep property taxes low."

That's little comfort to Renate Smith.



Renate Smith of Olde Salem Cafe in Hanover Park makes a Black Forest cake, for which she charges less than she would prefer, she says, to offset the village's food and beverage tax. - Joe Lewnard | Staff

Photographer

Each cake that comes out of the oven at Smith's Olde Salem Cafe at Irving Park Road and Olde Salem Circle in Hanover Park is priced below what she would consider a normal price, to offset the 12.75 percent in taxes her customers pay with every purchase.

"I feel that they wouldn't come back if they paid that much plus the taxes, so I lower my prices," she said. "I do think it hurts business here."

To tax food and beverages, towns have to be home-rule communities, which grants taxing authority to elected officials either by prior voter approval or by exceeding a population threshold. However, any town can tax restaurant food sales on top of existing sales taxes. Libertyville is examining creating such a "places for eating" tax.

(<http://www.dailyherald.com/article/20160414/news/160419256/>)

Wined and dined

Meals and drinks at many suburban eateries cost diners more because of food and beverage taxes that generated nearly \$41 million in 25 towns over the past year.

Town	Tax Rate	Revenue	Tax type
Arlington Heights	1.25%	\$2,502,497	Food & Beverage
Aurora	1.75%	\$4,157,669	Food & Beverage
Buffalo Grove	1.00%	\$728,515	Food & Beverage
Des Plaines	1.00%	\$1,190,477	Food & Beverage
Elgin	3.00%	\$1,236,890	Liquor
Elk Grove Village	1.00%	\$885,262	Food & Beverage
Glendale Heights	1.00%	\$494,902	Food & Beverage
Gurnee	1.00%	\$1,768,844	Food & Beverage
Hanover Park	3.00%	\$1,036,661	Food & Beverage
Hoffman Estates	2.00%	\$2,090,120	Food & Beverage
Itasca	1.00%	\$281,082	Food & Beverage
Lombard	1.00%	\$1,575,624	Places for eating
Mount Prospect	1.00%	\$1,096,795	Food & Beverage
Naperville*	1.00%	\$4,781,755	Food & Beverage
Palatine	1.00%	\$1,119,180	Food & Beverage

Which suburbs tax you more to eat out?

Rolling Meadows	2.00%	\$1,219,330	Food & Beverage
Rosemont	1.00%	\$2,501,402	Food & Beverage
Schaumburg	2.00%	\$6,868,120	Food & Beverage
South Barrington	1.50%	\$678,592	Food & Beverage
St. Charles	2.00%	\$1,062,211	Liquor
Streamwood	2.00%	\$1,192,895	Food & Beverage
Villa Park	1.50%	\$567,307	Places for eating
Warrenville	1.50%	\$641,575	Food & Beverage
West Dundee	1.00%	\$292,684	Food & Beverage
Wheeling	1.00%	\$847,714	Food & Beverage

* *Naperville downtown restaurants are charged at 2%*

Source: Municipal audits



Most municipal leaders say the tax isn't deterring diners, pointing to growth in revenues from the tax. It isn't affecting economic development either, they contend.

"It is not apparent that (the tax) has discouraged St. Charles from being a destination location for entertainment," said City Administrator Mark Koenen.

St. Charles, like Elgin, taxes only alcohol sales. The town used to have a food and beverage tax, but the city council abolished it in 2007. In 2011, the council created a liquor tax. Liquor sales there are taxed at 2 percent, and that generated more than \$1 million last year, according to city financial records.

The liquor tax revenue has grown each year since it was implemented.

Koenen said the choice to tax alcohol sales was made because there is a greater need for city services from those establishments.

St. Charles looks at it as a tax of choice.

"In an effort to find revenue streams that are sources broader than just from those living in the community, this is from a source that isn't necessarily tied to a core function of life," Koenen said. "It's a discretionary choice."

Like most towns with these types of taxes, though, St. Charles does not earmark the revenue for specific expenses.

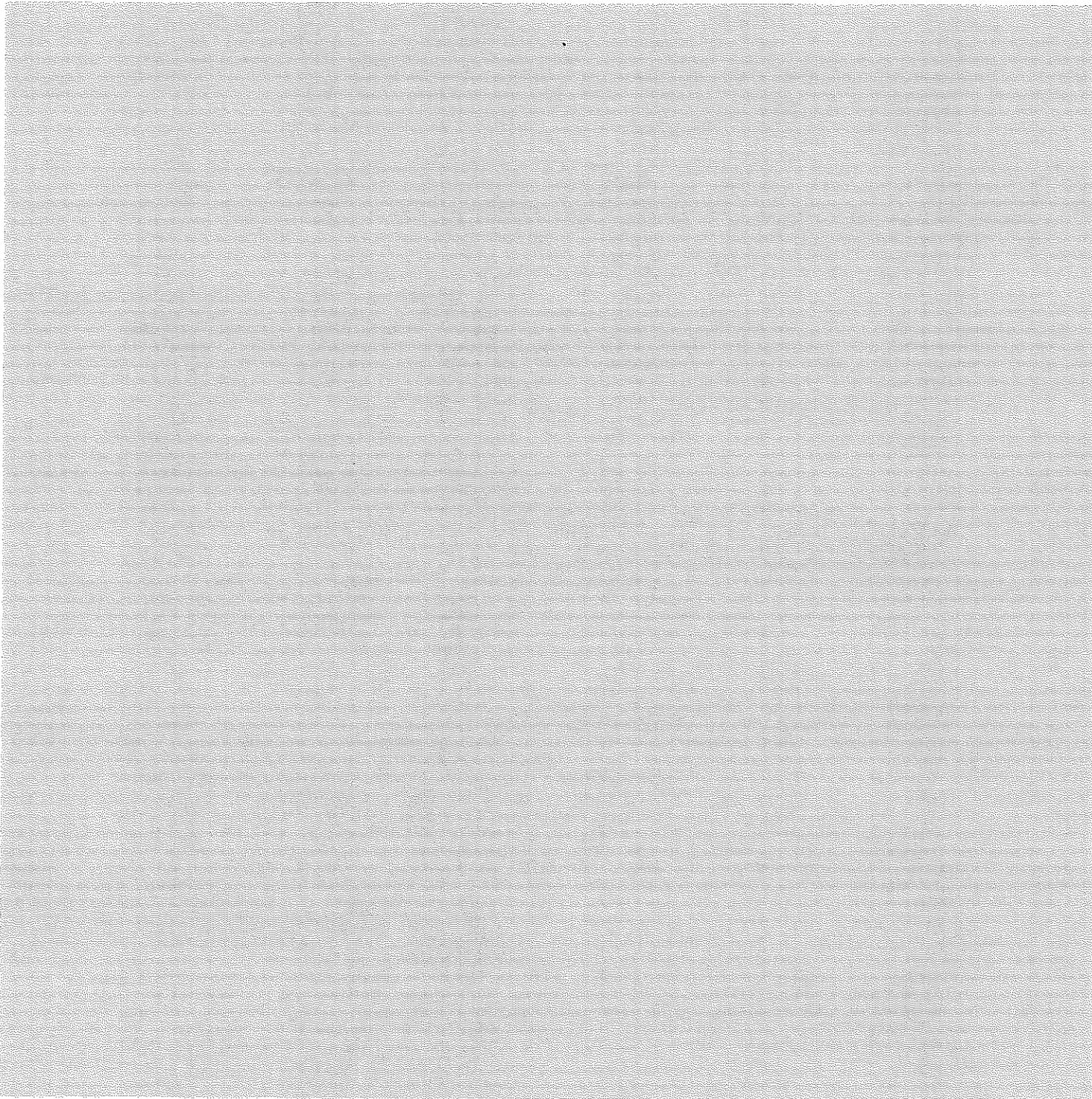
However, there are towns like Arlington Heights and Naperville where officials do set aside a certain portion of the taxes to cover specific costs. Both towns use some of the revenue to fund cultural events or offset costs they incur from operating those events.

Naperville -- which charges a base 1 percent food and beverage tax throughout the city and an additional 1 percent at downtown eateries -- also uses the money to pay off some of the cost of building a downtown parking garage.

Some towns are even looking to increase these tax rates, confident it won't stunt economic development or make visitors reconsider dinner plans.

Lombard's "places for eating" tax, which taxes only food, could double to 2 percent at the start of next year if the village approves a citizen-committee recommendation to do so. The village board is expected to take up the issue at its July 21 meeting, Lombard Village Manager Scott Niehaus said.

"Given the quality of the dining establishments and easy access to the community, (the committee) felt that it wouldn't be overly burdensome," Niehaus said. "The village of Schaumburg has had a 2 percent food tax since 1987, and since that time many new restaurants have still made the decision to locate there because of the other benefits that the community provides."



Despite a higher-than-average sales tax, Schaumburg's 2 percent food and beverage tax hasn't slowed economic development of eateries in the village, and it generated nearly \$7 million in additional revenue last year. -

Patrick Kunzer | Staff Photographer

Lombard is faced with a growing deficit that could amount to \$1.6 million next year if left unattended, Niehaus said. The village board is looking to cut expenses by \$800,000 and increase the food tax, which would generate nearly \$1.6 million more.

Half the new revenue would offset the deficit and the other half would go into reserves.

"We looked at other revenue options like vehicle stickers and video gambling. ... This revenue source balances the economic needs of the village by providing additional funds that substantially come from nonresidents," he added.

Got a tip?

Contact Jake at jgriffin@dailyherald.com or (847) 427-4602.

Article Comments (0)

Winner - 2015 Best Website



GENERAL ELECTION CALENDAR FOR LAKE COUNTY CANDIDATES

November 8, 2016

(Based on statutes as of August 4, 2015)

March 29, 2016	First day for independent and new political party candidates to circulate petitions for: Countywide Offices (4-yr term): Circuit Clerk, Coroner, Recorder, State's Attorney County Board Member: 1, 2, 4, 5, 7, 11, 12, 13, 14, 15, 16, 18, 20, & 21 North Shore Water Reclamation District Trustee – Wards 1, 2, & 4
June 20-27, 2016	Petition filing period for independent and new political party candidates.
June 27, 2016	Last day for independent and new political party candidates to file a Statement of Economic Interests with the County Clerk's Office. The receipt must be filed with the candidate's nomination papers on or before this date.
July 5, 2016	Last day for filing objections to nomination papers of independent and new political party candidates who filed during the June 20-27, 2016 filing period. Last day to withdraw when an individual has filed for 2 or more incompatible offices during the June 20-27, 2016 filing period.
August 8, 2016	Last day for filing petitions (must contain original sheets signed by voters and circulators) for referenda for the submission of questions of public policy with the local election official.
August 10, 2016	First day to request a ballot by mail. (App's must be available 90 days prior to election)
August 15, 2016	Last day to file objections to petitions for the submission of questions of public policy.
August 22, 2016	Last day for local governing boards to adopt a resolution or ordinance to allow a binding public question to appear on the ballot. County, Municipal, Township and Park District Boards may place advisory referenda on the ballot by resolution.
September 1, 2016	Last day for the Circuit Court Clerk and local election official to certify any question of public policy to the election authority having jurisdiction over the political subdivision. Last day for independent and new political party candidates to file withdrawal of nomination papers in the office of the county clerk
September 8, 2016	Last day to file as a write-in candidate.
September 29, 2016	First day to mail a ballot. First day for early voting at the Lake County Clerk's office.
October 11, 2016	Close of Voter Registration at the office of municipal and township clerks and with deputy registrars and agencies.
October 12, 2016	Grace Period Registration and voting begins.
October 24, 2016	First day for early voting.
November 3, 2016	Last day to request a ballot by mail.
November 5, 2016	Last day for early voting at non-state mandated sites (Antioch Twp Office, Ela Twp Office, Fremont Public Library, Highland Park Police Station, Lake Barrington Village Hall, Lake County Central Permit Facility, Lake Forest City Hall, Round Lake Village Hall, Vernon Twp Office, Zion City Hall)
November 7, 2016	Last day for early voting at state mandated extended hour sites (Gurnee Village Hall, Jane Addams Center, Lake County Clerk's Office, Lake County Courthouse and Administrative Complex, North Chicago City Hall)
November 8, 2016	GENERAL ELECTION (last day for Grace Period Registration and voting)

Previous Background
Info

Memorandum

TO: Mayor and Village Board

FROM: Kevin J. Bowens, Village Administrator *KJB*

DATE: May 12, 2016

SUBJECT: May 17, 2016 Committee of the Whole Meeting

The Mayor and Village Board have scheduled a Committee of the Whole meeting for 6:30 p.m. on Tuesday, May 17, 2016 to discuss the following items:

1. Places for Eating Tax

Over the past several years the Finance Committee and Village Board have worked diligently to operate with a balanced budget, through a combination of expenditure reductions and savings (reduction in personnel, consolidation of certain Village services such as 911 dispatch, joint purchasing with other communities, privatization of certain services, and increased utilization of technology). The Village Board and Staff have also discussed the need for additional revenue sources, however as a "Non-Home Rule" community, Libertyville has few options for additional revenue sources. Those options have been discussed at length due to the upcoming expiration of the Libertyville TIF District, the impact of the existing property tax and allocation of property tax revenues toward Police and Fire pensions, and the worsening financial crisis with the State of Illinois - which we anticipate will negatively affect the Village of Libertyville through a property tax freeze and potential reduction in the Village share of local state income tax proceeds.

After reviewing various options, the "Places for Eating Tax" has been identified as a potential revenue source which the Village can enact, and which would allow the Village to remain proactive with the business community while having a minimal impact on Libertyville taxpayers. The Village Board has scheduled a Committee of the Whole meeting and invited affected businesses to participate in a discussion about the Places for Eating Tax. In addition, the Staff held an informal meeting with affected businesses on Monday, May 9, 2016 to discuss the Places for Eating Tax. At that meeting, the Staff discussed the need for the tax, how it works, and how the revenues might be used. Attached is a copy of the packet of information which was distributed to all local businesses who we believe would be included in the Places for Eating Tax. Approximately 12 businesses attended the meeting (attendance sign-up sheet attached), and provided input that ranged from a general understanding of the need for the tax, opposition to the tax, desire to have the option to file the tax electronically, suggestion of establishing a Committee of affected businesses to assist in how to utilize the revenues, commitment that a certain percentage of the revenues would be use to promote the business/restaurant community, too much emphasis on downtown expenditures and should not include businesses outside the downtown, re-establish parking meters in the downtown, place a cap on the 1% tax rate (which is the current State

maximum) and provide a sunset clause to review the need for the tax in the future, reinstitute gas and electric utility taxes, and as an alternative establish a Business District Tax limited to the downtown. The Staff indicated that they would provide a summary of these ideas to the Mayor and Village Board, and those business owners in attendance were encouraged to attend the May 17, 2016 meeting to discuss the proposed tax further.



April 28, 2016

Dear Business Owner/Manager :

The Village Board had planned to discuss a "Places for Eating Tax" at their April 12, 2016 regular meeting, however the Village Board decided to schedule a special Committee of the Whole meeting to discuss the Places for Eating Tax in greater detail. **That Committee of the Whole meeting has now been scheduled for 6:30 p.m. on Tuesday, May 17, 2016 at the Libertyville Village Hall, 118 West Cook Street.** The Committee of the Whole meeting will give you and other businesses an opportunity to discuss the Places for Eating Tax, and provide the opportunity to give the Village your suggestions on how to best utilize the revenues generated by the tax in order to assist your business. **In addition, Village Staff has scheduled an informal informational meeting for 10:00 a.m. on Monday, May 9th which you are also invited to attend, at the same location.**

Background

Each year the Mayor, Village Board and Village Staff review all expenditures within the Village budget to assure taxpayers that the Village is providing services and programs in the most cost-effective and efficient manner. The Village continues to operate with a balanced budget, and expenditure savings have been realized over the last several years through a reduction in personnel (20 employees), consolidation of certain Village services (e.g., 911 dispatch with Village of Vernon Hills), joint purchasing with other communities, privatization of certain services, and increased utilization of technology.

These reviews have also included discussions of additional revenue sources (which are limited for a non-home rule community such as Libertyville) due to the upcoming expiration of the Libertyville TIF District (which was used for the streetscape and parking improvements downtown, and cannot be used for maintenance expenses), the impact of the property tax cap, and the worsening financial crisis with the State of Illinois and potential collateral damage to local municipalities. After reviewing various options, the "Places for Eating Tax" has been identified as a potential revenue source which the Village can enact, which would allow the Village to remain pro-active with the business community while having a minimal impact on Libertyville taxpayers.

How it Works

The tax rate would be 1% as a pass through and applied to purchases of food and/or beverages for immediate consumption, and passed through to customers. The tax would apply to any establishment that provides a seating area and would include businesses offering catering services. Your business would be required to file a separate Village tax return with the 1% collection paid directly to the Village on a monthly or quarterly basis, coinciding with your filings to the State of Illinois Department of Revenue (the current 7% collection will continue to be remitted directly to the State of Illinois). The 1% Place for

Eating Tax would be in addition to the general merchandise sales tax rate of 7% currently applied to purchases in the community, for an effective rate of 8% on dining. The current 7% rate is comprised of: 5% State of Illinois, 0.75% Regional Transportation Authority, 0.25% County of Lake, and 1% Village of Libertyville. The 1% Places for Eating Tax Rate would be competitive to that currently applied to dining purchases in surrounding communities, which have rates that range from 7.25% to 11% (see attached chart). It appears that enacting such a tax in surrounding communities did not negatively impact eating and drinking revenues in most cases.

How It Will Be Used

It is anticipated that the revenues generated by the Places for Eating Tax will be utilized for expenditures directly and indirectly related to enhancing economic development and the promotion of dining establishments within the Village of Libertyville, and in general terms will include current and planned streetscape improvements, promotion expenses, current and planned streetscape improvements in the downtown, along Peterson Road, and Milwaukee Avenue, ongoing maintenance of Village owned parking garages and parking lots, contributions to membership in the Visit Lake County Tourism organization, and other capital/infrastructure improvements in order to remain proactive in attracting customers to the Village of Libertyville. In addition, the revenues generated from the Places for Eating Tax will allow the Village to reallocate existing revenues for other necessary Village operations and capital improvements.

Attached are copies of a draft Ordinance which would implement the Places for Eating Tax, Registration Form, Places for Eating Tax Return, Places for Eating Tax Frequently Asked Questions, and a spreadsheet on proposed uses. Please feel free to contact either myself, Finance Director Patrice Sutton, or Economic Development Coordinator Heather Rowe if you have any questions or would like any additional information prior to the above referenced meetings.

Sincerely,

Kevin J. Bowens
Village Administrator

Cc: Mayor and Village Board
Administrative Staff
Economic Development Coordinator
Economic Development Commission

VILLAGE OF LIBERTYVILLE

ORDINANCE 16-O-

DRAFT

AN ORDINANCE AMENDING CHAPTER 13
OF THE LIBERTYVILLE MUNICIPAL CODE
PERTAINING TO THE IMPOSITION OF A PLACES FOR EATING TAX

Adopted by the
President and Board of Trustees
Of
The Village of Libertyville
Lake County, Illinois
This _____ day of _____, 2016

Published in pamphlet form by
direction and authority of the
Village of Libertyville
Lake County, Illinois
This _____ day of _____, 2016

ORDINANCE NO. 16-O-

**AN ORDINANCE AMENDING CHAPTER 13 OF THE LIBERTYVILLE VILLAGE CODE
PERTAINING TO THE IMPOSITION OF A PLACES FOR EATING TAX**

WHEREAS, Section 5/11-42-5 of the Illinois Municipal Code, 65 ILCS 5/11-42-5, authorizes the corporate authorities of a municipality to license, tax, and regulate all places for eating within the municipality; and

WHEREAS, the corporate authorities of the Village of Libertyville find that it is in the Village's best interests to levy a one percent (1%) tax on the gross receipts of places for eating located within the Village of Libertyville; and

NOW THEREFORE BE IT ORDAINED, by the President and Board of Trustees of the Village of Libertyville, Lake County, Illinois as follows:

SECTION 1: That Chapter 13 of the Village of Libertyville Municipal Code be and the same is hereby amended with the addition of the following language as Sections 13-17, which shall read in its entirety as follows:

TAX ON THE GROSS RECEIPTS OF PLACES FOR EATING

1331	Definitions.
13-32	Tax imposed.
13-33	Books and records; inspection; contents.
13-34	Transmittal of tax revenue by owner; delinquency.
13-35	Transmittal of excess tax collections.
13-36	Registration.
13-37	Collection.
13-38	Suspension of licenses.
13-39	Penalties.
13-40	Severability

13-31 DEFINITIONS.

For the purposes of this chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning:

- (a)** **Prepared food** means and includes any solid, liquid (including both alcoholic and non-alcoholic liquid), powder or item used or intended to be used for human internal consumption, whether simple, compound or mixed, and which has been prepared for immediate consumption.
- (b)** **Person or persons** means any natural individual, firm, partnership, association, joint stock company, joint venture, public or private corporation, limited liability

company, club, fraternal organization, or a receiver, executor, trustee, conservator or their representative appointed by order of any court.

- (c) **Sold at retail** means to sell for use or consumption in exchange for a consideration, whether in the form of money, credits, barter or any other nature, and not for resale, with said transaction being subject to either the Illinois Retailers' Occupation Tax (ILCS Ch. 35, Act 120 §§ 1 et seq.) or the Illinois Service Occupation Tax (ILCS Ch. 35, Act 115 §§ 1 et seq.)
- (d) **Places for eating or place for eating**
 - (1) "Places for eating" or "place for eating" means all premises located within the corporate limits of the Village where prepared food is sold at retail' for immediate consumption, with seating provided for consumption of said prepared food on the premises, whether consumed on premises or not, and whether or not such places for eating use is conducted along with any other users) in a common premise or business establishment.
 - (2) "Places for eating" or "place for eating" includes, but is not limited to, those establishments commonly called a restaurant, eating place, drive-in restaurant, buffet, bakery, banquet facility, cafeteria, cafe, lunch counter, fast food outlet, catering service, coffee shop, diner, sandwich shop, soda fountain, bar, cocktail lounge, soft drink parlor, ice cream parlor, tea room, delicatessen, hotel, motel, or club, or any other establishment which sells at retail prepared food for immediate consumption.
- (e) **Gross receipts** means the consideration received, valued in money, whether received in money or otherwise, including cash, credits, property and services, at a place for eating for prepared food furnished at the place for eating. Gross receipts do not include amounts paid for federal, state and local taxes, including the tax levied by this chapter, and do not include amounts paid as gratuities for the employees of the place for eating.
- (f) **Owner** means any person having an ownership interest in or conducting the operation of a place for eating.

13-32 TAX IMPOSED.

- (a) There is hereby levied and imposed upon owners of places for eating a tax at the rate of one percent (1%) of gross receipts received for prepared food sold at retail by the owner on or after _____, 2016.
- (b) The owner of a place for eating may collect an amount from persons who purchase prepared food at the place for eating which shall reimburse the owner

for the tax imposed on the owner by this chapter.

- (c) The tax levied by this chapter shall be paid in addition to any and all other taxes and charges.
- (d) In the event the prepared food is sold at retail on credit, an owner shall not be liable for payment of the tax imposed by this chapter on such a sale until he, she, they, or it receives payment for the sale.

13-33 BOOKS AND RECORDS; INSPECTION; CONTENTS.

The Finance Director, the Village Treasurer or any person designated by either of them as their deputy or representative, may enter the premises of any place for eating for inspection, examination, copying and auditing of books and records including, but not limited to, Illinois Retailers' Occupation Tax and Illinois Service Occupation Tax returns filed with the Illinois Department of Revenue, in order to effectuate the proper administration of this chapter, and to assure the enforcement of the collection of the tax imposed by this chapter. To the extent reasonably possible, said entry shall be done in a manner that is least disruptive to the business of the place for eating. It shall be unlawful for any person to prevent, hinder, or interfere with the Finance Director, the Village Treasurer or their deputies or representatives in the discharge of their duties in the performance of this subsection. It shall be the duty of every owner to keep accurate and complete books and records to which the Finance Director, the Village Treasurer or their deputies or representatives shall at all times have full access, which records shall include a daily sheet showing the amount of gross receipts during that day. In the event of a significant discrepancy, the Village may, in its discretion, hire an independent party to conduct an audit of said books and records. The costs of such audit shall be borne by the owner.

13-34 TRANSMITTAL OF TAX REVENUE BY OWNER; DELINQUENCY.

- (a) The owner or owners of each place for eating shall file tax returns showing the gross receipts received during each calendar month period upon forms prescribed by the Finance Director. Returns for each calendar month shall be due on or before the twentieth day of the next calendar month, (e.g., the return for January shall be due on or before the twentieth day of February; the return for February shall be due on or before the twentieth day of March; etc.). Notwithstanding the foregoing, in the event that the owner of the place for eating is allowed to file Illinois Retailers' Occupation Tax and Illinois Service Occupation Tax returns with the Illinois Department of Revenue at intervals which are greater than monthly, said owner shall be allowed to file tax returns relative to the tax imposed by this chapter with the Village at said greater intervals. At the time of the filing of said tax returns, the owner shall pay to the Village all taxes due for the period to which the tax return applies.
- (b) Any tax due pursuant to this chapter which is not paid when due, shall accrue interest at the rate of one percent (1%) monthly. In the event of collection proceedings initiated by the Village, the owner shall be responsible for paying the costs incurred by the Village, including but not limited to reasonable attorney fees and court costs.

In addition, the owner shall be subject to suspension of licenses and penalties as set forth in Sections 13.17.7 through 13.17.9 below.

13-35 TRANSMITTAL OF EXCESS TAX COLLECTIONS.

If any person collects an amount upon a sale not subject to the tax imposed hereby, but which amount is purported to be the collection of said tax, or if a person collects an amount upon a sale greater than the amount of the tax so imposed herein and does not for any reason return the same to the purchaser who paid the same before filing the return for the period in which such occurred, said person shall account for and pay over those amounts to the Village along with the tax properly collected.

13-36 REGISTRATION.

Every owner maintaining a place for eating in the Village shall register with the Finance Department by _____, 2016 or the date of becoming such an owner, whichever is later.

13-37.17.7 COLLECTION.

Whenever any person shall fail to pay the tax imposed by this chapter, the Village Attorney or Village Prosecutor shall, upon request of the Village Administrator, bring or cause to be brought an action to enforce the payment of said tax on behalf of the Village in any court of competent jurisdiction.

13-38 SUSPENSION OF LICENSES.

If the Village President, after a hearing held by him or his designee, shall find that any owner has willfully avoided the payment of any tax imposed by this chapter, he may suspend or revoke all Village licenses held by such owner. The owner shall have an opportunity to be heard at such hearing to be held not less than ten (10) days after being mailed notice of the time when and the place where the hearing is to be held, addressed to the owner at its last known place of business. Any suspension or revocation of any licensers) shall not release or discharge the owner from his or her civil liability for the payment of the tax nor from prosecution for such offense.

13-39 PENALTIES.

(a) Any person found guilty of violating, disobeying, omitting, neglecting, or refusing to comply with or unlawfully resisting or opposing the enforcement of any of the provisions of this chapter, except when otherwise specifically provided, upon conviction thereof shall be punished by a fine of not less than two hundred dollars (\$200.00) nor more than seven hundred fifty dollars (\$750.00) for the second and each subsequent offense in any 180 day period.

- (b) Each day upon which a person shall continue any violation of this chapter, or permit any such violation exist after notification thereof, shall constitute a separate and distinct offense.
- (c) Any owner subjected to the penalties provided for by this subsection shall not be discharged or released from the payment of any tax due.

13- 40 SEVERABILITY. Should any term, provision, clause, or section of this Ordinance be held invalid, void, or defective by a court of competent jurisdiction each holding or finding shall not effect any remaining term, provision, clause, or section of this Ordinance.

SECTION 2. This ordinance shall be in full force and effect following its passage, approval and publication in the manner provided by law..

SECTION 4. The Village Clerk be and is hereby directed to publish this Ordinance in Pamphlet form.

PASSED this _____ day of _____, 2016

AYES:

NAYS:

ABSENT:

APPROVED this _____ day of _____, 2016

Terry L. Wepler, President

ATTEST:

Sally A. Kowal, Village Clerk

**VILLAGE OF LIBERTYVILLE
PLACES FOR EATING TAX
118 W. COOK AVE.
LIBERTYVILLE, IL 60048
(847) 362-2430**

DRAFT

REGISTRATION - PLACES FOR EATING TAX

Business Name:	Business Location Address:	Business Phone Number:
Mailing Address (if different from business location):	City, State and Zip:	
Owner's Name:	Owner's Home Phone Number:	
Owner's Home Address:	City State and Zip:	
Owner's Email Address:		
Emergency Contact:	Emergency Contact Phone Number:	
IL Sales Tax #:	Date Business Commenced:	
Federal Tax ID #:	Check One: Partnership Corporation Sole Owner	
If a Corporation or Partnership, give legal name if other than business name:		
Corporation or Partnership Address:		
Corporation or Partnership Email Address:		

Please review the Summary and the Places for Eating Tax Ordinance that are attached before answering the following questions:

1. Is your business responsible for payment of the Places for Eating Tax? Yes _____ No _____

If Question 1 is answered "No", please complete Question 2, sign the registration and return to the address above.

If Question 1 is answered "Yes", skip Question 2, complete remainder of registration, sign and return registration to the address above. Please see "Payments Due" section on summary page for payment instructions.

2. Please list reason(s) why you believe your business is not liable for collection and payment of the Places for Eating Tax:

Current frequency of filing Illinois Sales Tax Return: Monthly _____ Quarterly _____ Annually _____

Under penalties as provided by law, I declare that to the best of my knowledge and belief, the information on this form is true, correct and complete.

Signature Printed Name & Title Date

DRAFT

VILLAGE OF LIBERTYVILLE
PLACES FOR EATING TAX
118 W. Cook Ave
Libertyville, IL 60048
(847) 362-2430

PLACES FOR EATING TAX RETURN

Business Name:	ABC Company
Doing Business As:	Sample Restaurant
Reporting Period:	Mar-16
FEIN:	12-3456789

Taxes must be paid by the 20th day of the month following the reporting period (normally every month, unless you are filing Sales Tax Returns with the State of Illinois on a quarterly or annual basis).

1. Gross Sales (Should agree with IL ST-1, Line 3)	<u>\$120,000.00</u>
2. Deductions of Sales Not Subject to Tax (T-shirts, etc.)	<u>\$5,000.00</u>
3. Taxable Receipts (Line 1 minus Line 2)	<u>\$115,000.00</u>
4. Amount of Tax (Multiply Line 3 by 1% (.01))	<u>\$1,150.00</u>
5. Late Fee -if paid after the 20th (Line 4 x 1%)	<u>\$0.00</u>
6. Total Payment Due (Line 4 plus Line 5)	<u>\$1,150.00</u>

Please make checks payable to the "Village of Libertyville" and mail your return and tax payment to Village of Libertyville, at the address listed above.

Under penalties as provided by law, I declare that to the best of my knowledge and belief, the information on this return is true, correct, and complete.

John Doe
Signature

15-May-16
Date

John Doe
Printed Name & Title

847-123-4567
Phone Number

Notice: If paying by check, please be aware that you are authorizing the Village of Libertyville to use the information on your check to make a one-time electronic debit to your checking account. This electronic debit will be for the amount indicated on your check.



Places for Eating Tax Frequently Asked Questions

Who is subject to the new Places for Eating Tax?

"Places for eating" are defined as places where prepared food is sold at retail for immediate consumption with seating provided on the premises (including any outdoor seating on the premises), whether the food is consumed on the premises or not. Refer to the Village of Libertyville Ordinance for exact definitions.

What is subject to the new Places for Eating Tax?

Sale of "prepared food", which is defined as food or liquid, including alcoholic beverages, that are prepared for immediate consumption at "places for eating."

How much is the tax?

The amount of the tax would be one-percent (1%) on the gross receipts received for prepared food sold at retail. A dinner costing \$25.00 would incur an additional \$0.25 tax.

When would the new tax become effective?

The new tax would become effective approximately three months after adoption by the Village Board.

How is the tax paid?

In most cases, the business passes the tax on to the customer and is shown on the check as a separate tax line. The owner is responsible for remitting the tax to the Village on a monthly basis (or the same basis as filed with the State, if less frequent).

Where would I send the return?

Payments would be sent to: Village of Libertyville, Places for Eating Tax, 118 W. Cook Ave., Libertyville, IL 60048.

When is the return due?

Payments would need to be postmarked by the 20th day of the month following the reporting period. The reporting period is the same as the entity's reporting period with the State of Illinois, but no more frequently than on a monthly basis. For example, if the entity files a monthly sales tax return with the State of Illinois, the entity would file a return with the Village of Libertyville by the 20th day of the next month. If the entity files a quarterly sales tax return with the State of Illinois, the entity would file a return with the Village of Libertyville by the 20th day of the month following the end of the quarter. If the entity files an annual sales tax return with the State of Illinois, the entity would file a return with the Village of Libertyville by the 20th day of the month following the end of the year.

What paperwork would I have to complete?

You would need to complete the registration form and Places for Eating tax return. Copies of these forms will be available on the Village of Libertyville website.

Who is exempt from the tax?

Entities that are exempt from the sales tax provisions of the state statute (e.g. local school districts) are exempt from the Place for Eating Tax.

What happens if a business pays the tax late?

If, for any reason, the tax is not paid when due, interest in the amount of one percent (1.0%) per month on the outstanding balance will be assessed until the tax is paid in full. The Ordinance also provides for additional penalties for refusal to comply.

Do non-profit groups pay the tax if they are in a Libertyville Place of Eating?

If an entity is exempt from Illinois sales tax, they do not have to pay the Places for Eating tax.

When a caterer has a dinner at a not-for-profit facility, is the Places for Eating Tax charged on the meal?

Yes. The caterer is responsible for charging the tax regardless of where they hold their particular event. However, if the event is sponsored by and is an event of the not-for-profit agency, and the not-for-profit agency is sales tax exempt, then the "Places for Eating" tax does not apply.

Is gratuity to be included in the cost of the meal?

No. The tax is paid on gross receipts. Gross receipts do not include amounts paid as gratuities for the employees of the place of eating.

How would this impact Village places for eating?

With a 1% Places for Eating tax, Libertyville would still remain competitive with surrounding municipalities, many of which have either instituted a home-rule sales tax and/or a food and beverage tax, resulting in a tax rate that is higher than Libertyville. The following chart summarizes the tax rate on prepared food & beverages:

Community	Sales Tax Rate	Food & Beverage/ Places for Eating Tax Rate	Total Tax on Prepared Food/Beverage
Vernon Hills	7.25%		7.25%
Gurnee	8.00%	1.00%	9.00%
Lake Forest	7.50%		7.50%
Lake Bluff	8.00%	1.00%	9.00%
Mundelein	8.00%		8.00%
Wheeling	8.00%	1.00%	9.00%
Libertyville (proposed)	7.00%	1.00%	8.00%

What revenue is expected?

Based on the 2014 calendar year sales tax information provided by the State of Illinois Department of Revenue, a 1% Places for Eating tax would provide approximately \$700,000 in revenue to the Village. As this tax is passed on to the consumer, the tax will not directly impact homeowners or merchants in the Village unless they choose to purchase/consume food and beverage in Libertyville. The revenue will be used for promotion and other activities designed to attract customers to the Village, streetscape improvements, ongoing maintenance of Village owned parking garages and parking lots, and capital/infrastructure improvements.

If I have questions who should I contact?

Please call Patrice Sutton, Finance Director, or Ariel Tax, Assistant Finance Director at 847-362-2430.

POSSIBLE USES OF PLACES FOR EATING TAX REVENUES

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Mainstreet Libertyville annual contribution	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Lake County Convention & Visitor's Bureau annual contribution	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500	\$ 11,500
Communications Specialist (25%)	\$ 4,820	\$ 4,964	\$ 5,113	\$ 5,266	\$ 5,424
Special Events (Fireworks)	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Economic Development Coordinator (25%)	\$ 26,905	\$ 27,712	\$ 28,544	\$ 29,400	\$ 30,282
Promotions & Activities	\$ 4,995	\$ 5,070	\$ 5,146	\$ 5,223	\$ 5,302
Downtown Streetscape/Beautification	\$ 50,995	\$ 51,760	\$ 52,536	\$ 53,324	\$ 54,124
Tourism Promotions	\$ 25,070	\$ 25,446	\$ 25,828	\$ 26,215	\$ 26,608
Special Events	\$ 15,900	\$ 15,900	\$ 15,900	\$ 15,900	\$ 15,900
West Parking Structure:					
Concrete Repairs	\$ -	\$ -	\$ -	\$ -	\$ 13,000
Waterproofing	\$ 60,000	\$ -	\$ -	\$ 23,000	\$ 30,000
Stair/Elevator Tower Repair	\$ 3,100	\$ -	\$ 10,000	\$ -	\$ -
Mechanical/Electrical/Plumbing	\$ 1,550	\$ 7,000	\$ -	\$ -	\$ 5,000
Architectural/Miscellaneous	\$ 8,700	\$ 25,000	\$ 5,000	\$ 5,000	\$ 5,000
Church Street Parking Structure:					
Ongoing Maintenance (estimated)	\$ -	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000
Central Business District Parking Landscaping/Snow Removal	\$ 17,800	\$ 18,067	\$ 18,338	\$ 18,613	\$ 18,892
Peterson Road Landscaping/Streetscape	\$ 9,635	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000
Streetlight Painting & Replacement	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Park Improvements (Cook and Rotary Parks)	\$ 10,000	\$ 12,800	\$ 13,184	\$ 13,580	\$ 13,987
South Milwaukee Ave/Rt 176 Construction/Maintenance/Streetscape	\$ -	\$ 100,000	\$ 50,000	\$ 50,000	\$ 50,000
Police Enforcement/Bike Patrols/Liquor Enforcement, etc.	\$ 90,000	\$ 92,700	\$ 95,481	\$ 98,345	\$ 101,296
TOTAL	\$ 430,970	\$ 545,919	\$ 509,570	\$ 528,367	\$ 559,315

DRAFT

COMPARISON OF VILLAGE TAXES & CHARGES

	Home Rule Tax	Places for Eating/Food & Beverage Tax	Total Tax on Places for Eating	Property Tax on \$400,000 home (1)	Telecommunications Tax (2)	Electric Utility Tax (3)	Gas Utility Tax (4)	Average Annual Water & Sewer Bill	Total
Grayslake	0%	0%	7%	\$ 2,980.00	\$ 57.00	\$ 67.68	\$ 35.28	\$ 702.54	\$ 3,842.50
Deerfield (residential)	1%	0%	8%	\$ 2,833.00	\$ 68.40	\$ 73.20	\$ -	\$ 679.28	\$ 3,653.88
Mundelein	1%	0%	8%	\$ 2,841.00	\$ 68.40	\$ -	\$ -	\$ 562.68	\$ 3,472.08
Lake Bluff	1%	1%	9%	\$ 1,747.00	\$ 68.40	\$ 66.36	\$ 60.00	\$ 489.24	\$ 2,431.00
Vernon Hills	0.25%	0%	7.25%	\$ 1,423.00	\$ 68.40	\$ 69.00	\$ 60.00	\$ 638.28	\$ 2,258.68
Lake Forest	0.50%	0%	7.50%	\$ 1,698.00	\$ 68.40	\$ 64.44	\$ 60.00	\$ 348.84	\$ 2,239.68
Highland Park (residential)	1%	1%	9%	\$ 1,737.00	\$ 68.40	\$ 65.52	\$ 60.00	\$ 262.23	\$ 2,193.15
Libertyville	0%	1%	8%	\$ 931.00	\$ 68.40	\$ 48.00	\$ -	\$ 652.09	\$ 1,999.49
Gurnee	1%	1%	9%	\$ 708.00	\$ 68.40	\$ -	\$ -	\$ 587.88	\$ 1,364.28

- (1) Includes Village, Fire District and Park/Recreation Taxes
- (2) Amount of tax paid/year -Monthly Bill Average \$95.00
- (3) Amount of tax paid/year -Monthly Bill Average \$100.00
- (4) Amount of tax paid/year-Monthly Bill Average \$100.00
- (5) Highland Park also has an \$8 per month Stormwater Utility Fee that is not included in this total

* Includes PROPOSED Places for Eating Tax

Draft Financial Sustainability Strategy

The Mayor and Village Board and Village Staff have continued to review Village finances, with the goals of maintaining a balance budget, maintaining an appropriate level of services, maintaining a necessary and aggressive level of ongoing capital improvements, while monitoring of the State of Illinois worsening financial crisis and potential collateral damage to local municipalities. Specifically, the Governor and General Assembly have discussed: 1) a reduction of 50% in the Local Government Distribution Fund (LGDF) which is the 8% of State Income Tax revenue collected by the State and shared with cities and counties, and which would potentially have a negative impact of \$ 990,000 to the Village; and 2) and the Governor's proposal for a "temporary" 2 year property tax freeze, which would apply to all taxing districts in Illinois and which would have an impact of \$200,000 to \$400,000 to the Village. Furthermore, without a current budget the State presently lacks the appropriation authority to distribute certain revenues to municipalities such as the Motor Fuel Tax (MFT), Income Tax, 911 funding, video gaming/casino revenues, and use tax revenues. The Village is currently due \$500,000 from the State for these payments. It is anticipated that once a 2016 State budget is approved, or legislation is enacted to authorize distribution of these revenues, local governments will then receive the backlog revenue owed to them.

In response to the potential negative impact that the State of Illinois financial crisis might have on Libertyville finances, along with identifying additional and/or dedicated funding sources for Village services and capital improvements, the Staff has summarized recent discussions with the Finance Committee and Mayor and Village Board and prepared a draft Financial Sustainability Strategy with both short-term and long-term actions for consideration:

Expenditure Control/Reductions

First and foremost are ongoing efforts by the Mayor, Village Board and Village Staff to review all expenditures within the Village Budget to assure taxpayers that the Village is providing services and programs in the most cost-effective and efficient manner. The Village continues to operate with a balanced budget, and expenditure savings have been realized over the last several years through a reduction in personnel, consolidation of certain Village services, joint purchasing with other communities, privatization of certain services, and increased utilization of technology. The Mayor and Village Board and Village Staff will continue to analyze expenditures prior to consideration of any new or additional revenue sources. However, it is anticipated that any further revenue reductions will impact personnel and the Village's ability to continue to provide the current level of services enjoyed by Libertyville residents. Furthermore, of specific concern are expenditures related to employee pensions and the annual required subsidy for the Libertyville Sports Complex (LSC).

Short-Term Financial Strategies

1. Utilization of General Fund Reserves: the Finance Committee and Mayor and Village Board established a revised Fund Balance Policy during the 2012-13 fiscal year, and the current 2015-16 Village Budget projects a year end General Fund balance of approximately \$14.5 million (55% of expenditures). While these reserves can be utilized on a short-term basis to cover delayed reimbursements from the State or short-term loss(es) of State revenue, such use should be limited.
2. Reinstitute Utility Taxes: for many years the Village has utilized a "Telecommunications Tax" of 6% to generate revenue (\$1,320,000) for Village technology purchases, capital improvements and economic development. During the recent recession the Village also instituted a Natural Gas Utility Tax of 5% (which generated approximately \$550,000) and an Electric Utility Tax of approximately 5% (which

generated approximately \$1,500,000). The Gas and Electric Utility Taxes were enacted on a temporary basis, and as the economy and Village revenues improved, the Village Board eliminated the Gas Utility Tax and reduced the Electric Utility Tax to 4 %. Reinstating these utility taxes can be enacted quickly and would provide the Village with a potential funding source to offset reductions in State revenues.

3. Places for Eating Tax: this is a tax that can be imposed up to 1% of prepared food that is sold for immediate consumption. The tax is imposed on the owners of a business which qualifies and is typically passed on to the customer, and the Village is responsible for collecting the tax from the business owner. Staff estimates that revenue from this tax at the 1% level would be approximately \$700,000 per year.
4. Amusement Tax: a 5% tax can be imposed upon any amusement such as theatrical performances, motion picture show, videogame, carnival, bowling, billiards and pool games.

Long-term Financial Strategies

1. Non-Home Rule Sales Tax: this tax must be approved by referendum and an ordinance imposing the text must be sent to the state by April 1 (for a July 1 effective date) or October 1 (for a January 1 effective date). The tax will be imposed on the sale of general merchandise, and groceries, drugs and automobile sales are exempt. The taxes are collected by the State, and Staff estimates that each .25% increment would generate approximately \$400,000 per year, or \$1,600,000 per year for the full 1% tax. Several surrounding communities currently utilize this (or the home-rule) sales tax.
2. Home Rule Designation: the Village may hold a referendum in order to obtain home rule authority, which generally would provide the Village with greater flexibility for additional sources of revenue including: exemption from the tax cap, Home Rule Sales Tax, Prepared Food, Beverage and Package Liquor Tax (up to 1.5%), Real Estate Transfer Tax, greater flexibility to utilize the Hotel/Motel Tax, increased bonding limits, and establishment of a Downtown Tax (up to 1 square mile) on gross receipts of food and beverages to use for public parking facilities. The Finance Committee and Staff have been researching home rule authority, and it was recently defeated in the communities of Barrington and Lake Zurich. The Mayor and Village Board have indicated their preference for holding such a referendum during non-Village Board election years, if such a referendum is attempted.
3. Storm Water Utility Fee: the Village can also establish a Storm Water Utility Fee to fund storm water related capital improvements and expenses, which continue to increase on an annual basis. Communities typically base the fee on the lot size or impervious area of a property, and the Village can collect the fee in conjunction with the bimonthly water and sewer billing process. This fee is becoming more common in older municipalities, and would generate revenue that would help reduce current general fund expenditures.
4. Property Tax Increase: the Village can increase the property tax rate through a referendum process, over the property tax cap limit. For each \$0.01 increase in the property tax rate, revenue in the amount of \$104,120 would be generated (each \$0.01 increase would amount to a 1.5% increase in a property owners total property tax paid) based on the 2014 EAV.

Annual Maintenance Costs for Downtown Parking Structure and Downtown & Peterson Road Streetscapes

Downtown Parking Structure-North Garage

Landscape Maintenance-Civic Center	\$ 1,280
Landscape Maintenance-Garage	\$ 1,285
Landscapemaintenance-Parking Lot	\$ 2,185
Snow Removal ⁽²⁾	\$ 9,000
Materials & Supplies	\$ 2,000
Garage Maintenance	\$ 13,350
Janitorial Services (not budgeted)	\$ 10,320
Waterproofing - Capital over next 6 years averages \$50,000/year	\$ 60,000
Total	<u><u>\$ 99,420</u></u>

Downtown Streetscape

Annual Landscape Maintenance	\$ 4,225
Snow removal ⁽¹⁾ , sidewalk cleaning, fence painting, rose garden	\$ 46,770
	<u><u>\$ 50,995</u></u>

Peterson Road Streetscape

Peterson Road Corridor Costs	\$ 25,000
Mowing	\$ 4,375
Phase II Landscaping	\$ 225
Phase III Landscaping	\$ 4,600
Plant Replacement	\$ 2,000
	<u><u>\$ 36,200</u></u>

Total Annual Costs \$ 186,615

⁽¹⁾ Downtown cleanup costs 16-17/ \$6545, 15-16/ \$31,323

⁽²⁾ Snow Removal parking lots/garage 16-17/ \$3134, 15-16/ \$2860

Downtown Street Light Painting \$48,667

Memorandum

To: Chairman Moras and Members of the Finance Committee

Date: April 6, 2015

From: Patricia A. Wesolowski, Director of Finance

Subject: Places for Eating Tax

During the recent budget discussions, the Village Board and Staff discussed the need for a new revenue source to be used to provide funding for maintenance of downtown streetscape and parking areas and to also provide funding for general infrastructure maintenance for all areas of the Village. In the 2015-16 budget, costs to maintain the parking garage along with the downtown and Petersen Road streetscape amount to approximately, \$175,000. With the addition of a second parking garage, the costs could increase to almost \$300,000 per year.

One option to pay these expenses would be to take the increase in sales tax from the restaurant category and dedicate this amount for these expenses. In reviewing the past 4 year history of sales tax from restaurants, there has been a \$152,000 increase in sales tax in this category. This revenue is already accounted for in the General Fund and with the allocation to these expenses, less revenue would be available for other General Fund operations.

Another option would be to hold a referendum to become a home-rule municipality. Home-rule municipalities have the option to increase sales tax on all merchandise sold within the municipality. Home rule tax would not apply to grocery type food or vehicles. The option of becoming Home-Rule was recently established as a Village Board goal, and Staff is in the process of gathering information about Home-Rule.

Another option would be instituting a Places for Eating Tax. The Places for Eating Tax is a new revenue source the Village is able to institute as a non home-rule municipality. This tax has been enacted by municipalities throughout the Chicagoland area to generate revenue for community programs, services and infrastructure improvements. Most of the municipalities that have enacted the tax, recognize the revenue in the General Operating Fund of the municipality. The tax rate ranges between 1% to 1.5%.

LEGAL AUTHORITY TO ENACT TAX

The Places for Eating Tax is allowed under Chapter 65 ILCS 5/11-42-5 which states: The corporate authorities of each municipality may license, tax, regulate, or prohibit hawkers, peddlers, pawnbrokers, itinerant merchants, transient vendors of merchandise, theatricals and other exhibitions, shows, and amusements and may license, tax, and regulate all places for eating or amusement.

HOW IS THE TAX PAID

Technically this is a tax on the owner of an establishment that serves food and/or beverages and have a dining area in which customers are intended to consume their food and/or beverage purchase. In most cases the business passes the tax on to the customer and is shown on the check as a separate tax line. The tax does not apply to vending machines or "qualifying food" which is subject to the lower state sales tax rate. The owner is responsible for remitting the tax to the Village on a monthly basis.

IMPACT ON VILLAGE

Based on the 2014 calendar year sales tax information provided by the State of Illinois, Department of Revenue, a 1% Places for Eating Tax would provide approximately \$670,000 in

revenue to the Village. As this tax is passed on to the consumer, the tax will not directly impact homeowners or merchants in the Village unless they choose to consume/purchase food and beverage in Libertyville.

Currently sales tax on food and beverages sold at restaurants is taxed at the sales tax rate for Libertyville which is 7%. With a 1% Places for Eating tax, Libertyville would still remain competitive with the surrounding municipalities. Many of the surrounding local municipalities have either instituted a home-rule sales tax and/or a food and beverage tax and their tax rate for food purchased at restaurants is higher than Libertyville. The following table summarizes local taxes on prepared food & beverages:

Community	Sales Tax Rate	Eating Establishment Tax	Food and Beverage Tax	Total Tax on Prepared Food/Beverage
Vernon Hills	7.25%			7.25%
Gurnee	8.00%		1%	9.00%
Lake Forest	7.50%			7.50%
Lake Bluff	8.00%		1%	9.00%
Mundelein	8.00%			8.00%
Wheeling	8.00%	1%		9.00%
Libertyville	7.00%			7.00%

Attached is information obtained from other municipalities that have enacted a Places for Eating Tax that explains the tax and answers some commonly asked questions.