

VILLAGE OF LIBERTYVILLE  
BOARD OF TRUSTEES  
Committee of the Whole  
July 12, 2016

President Weppler called to order a Committee of the Whole at 7:00 p.m. in the Village Hall, 118 West Cook. Those present were: President Terry Weppler, Trustees Donna Johnson, Richard Moras, Todd Gaines, Jay Justice, and Scott Adams. Trustee Peter Garrity arrived after the meeting had begun. All Village departments were represented.

**MINUTES**

Trustee Johnson moved to approve the minutes of the May 17, 2016 Committee of the Whole. Trustee Moras seconded, and the motion carried on roll call vote as follows:

AYES: Trustees Johnson, Moras, Gaines, Justice, and Adams

NAYS: None

ABSENT: Trustee Garrity

**CONTINUE PLACES FOR EATING TAX DISCUSSION**

Administrator Kevin Bowens reviewed discussion from the May 17 Committee of the Whole and the Village's efforts to realize savings through reduction in personnel, consolidation of services, joint purchasing with other communities, privatization of services, and increased use of technology. The Village has also reviewed and discussed short-term and long-term financial sustainability strategies, additional revenue sources due to a number of upcoming challenges, the impact of the property tax cap, increasing pension obligations, and the continuing financial crisis with the State of Illinois and potential impact to municipalities.

The "Places for Eating Tax" was identified as a potential revenue source, which a non-home rule community like Libertyville can enact. The 1% tax is a pass-through and would apply to purchases of food and/or beverages for immediate consumption. Staff estimated that the tax would generate approximately \$700,000 per year. Also, Staff researched such tax in surrounding communities and found that it did not negatively impact eating and drinking business or revenue. After lengthy discussion, there was general support to include a sunset provision, allow for electronic filing of the tax, and set the tax cap at 1%.

Administrator Bowens reviewed suggestions from local business owners including: reinstalling parking meters, charging for parking, creating a Business District, and reinstating utility taxes. The Board was not in favor of the utility tax unless there were financial emergencies. The Village Attorney did not believe that the downtown would meet the criteria necessary for a Business District.

Administrator Bowens reviewed the findings regarding parking fees and estimated revenue of \$237,000 for the Village. The Mayor asked for Board comments.

Trustee Johnson stated that people might be discouraged from shopping downtown if parking fees were charged. She added that she was not a proponent of parking fees or meters and favored other revenue options. The revenue that might be generated from

parking fees was not compelling enough to consider. The Mayor concurred. Trustee Gaines also concurred, adding that he did not like the long-term commitment or the detraction from the downtown design. Administrator Bowens noted that neither the Economic Development Commission nor the Parking Commission recommended parking meters/fees.

Trustee Johnson stated that a 1% tax would not be significant enough to deter people from dining in Libertyville; both the Mayor and Administrator agreed. Trustee Adams noted there would also be enforcement costs. Trustee Johnson noted her lack of faith in the State of Illinois fulfilling financial obligations to communities. Trustee Moras noted that there would be an administrative burden on the businesses. Trustee Gaines stated that he could not support the tax but preferred an overall 1% tax rather than taxing a single industry. Trustee Johnson stated that there was the possibility that the tax would not be approved by referendum, and the Board would be back in the same place. Trustee Moras explained that the issue was the general fund and sustainability, and he was not sure that the 1% would be enough. Trustee Johnson stated the need for disclosing information to residents and forecasting needs. The Mayor agreed that although there are no immediate needs, the Village would need money in the future for a number of projects, including road maintenance. Trustee Moras suggested a .5% tax with authorization to go up to 1%. Trustee Garrity favored the 1% tax to see if it works appropriately. Trustee Adams concurred, noting that an area restaurant owner stated that it had not been difficult to deal with. He also stated that he favored the sunset clause and a review, but he did not favor a referendum.

Mr. Dan Temesy of The Green Room addressed the Board, noting that he did not favor involving the State of Illinois in any revenue discussion. Mr. John Durning of Pizzeria Deville, stated that businesses assumed the tax to be a foregone conclusion. He added that owners were not educated prior to discussion. He did thank Administrator Bowens and Staff for good information. He favored a district-wide tax. Trustee Moras noted that all Village issues require discussion, looking at all aspects, and talking to those involved before decisions are made.

Administrator Bowens reviewed the recommendation for the Places of Eating Tax with 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 local taxing districts.
4. Include an exemption for private companies that contract for food services with other local taxing districts.

Trustee Johnson asked if catering would be included. Administrator Bowens stated that language would be included to cover catering, school districts, and others.

Administrator Bowens then discussed expanding a sales tax to businesses besides restaurants, and since Libertyville is a non-home rule community, imposing a sales tax would require a referendum. The tax would be imposed on the sale of general

merchandise with groceries, drugs, and automobile sales exempt from such a local sales tax. He then reviewed dates for a referendum to appear on the ballot.

The Mayor asked if the Board was in favor of placing the Places of Eating Tax on a Village Board agenda. Trustees Johnson, Moras, Adams, Justice, and Garrity concurred. Trustee Gaines was not in favor of the tax.

Trustee Johnson moved to adjourn at 7:53 p.m., and Trustee Moras seconded. The motion carried on a unanimous voice vote.

Respectfully submitted,



Sally A. Kowal  
Village Clerk