VILLAGE OF WINNEBAGO

COMMITTEE OF THE WHOLE

March 19, 2025 at 6:05 PM

108 West Main Street and Virtually

©

To access meeting from any device: https://global.gotomeeting.com/join/856730805

Or by (Toll Free): 1 877 309 2073| Access Code: 856-730-805

1. **RECORDING OF THE MEETING**
2. **CALL TO ORDER**
3. **ROLL CALL**
4. **ESTABLISHMENT OF A QUORUM**
5. **MEETING GUIDELINES**

   Discussion and Vote to Allow an Absent Trustee to Vote By Phone or Other Allowable Means.
6. **PUBLIC COMMENT**

   It is recommended that a written request to address the Village Board by non-members should be submitted via mail, hand delivery, or the Village Website to the Village of Winnebago Office located at 108 West Main Street, Winnebago, Illinois, 61088, by 12:00 Noon on the day of the meeting scheduled by the Village authorities in which the speaker would like to participate. Alternatively, speakers may fill out the form at the meeting to sign up for public comment. Each speaker is limited to three (3) minutes. A maximum of thirty (30) minutes shall be allowed for public comment at each meeting.
7. **APPROVAL OF MINUTES**
   - a. Approval of Committee of the Whole Meeting Minutes from March 05, 2025
8. **DISCUSSION**
   - a. Resolution Authorizing the Purchase of a New Police Vehicle
   - b. Resolution Authorizing Sidewalk Discretionary Spending
   - c. Grocery Tax Discussion
   - d. Sale of Village Owned Property - Winnebago Highlands
9. **EXECUTIVE SESSION (CLOSED SESSION) Pursuant to 5ILCS 120/2(c)**
10. **NEW BUSINESS**
11. **ADJOURNMENT**

Posted: March 13, 2025 at 3:15p.m. at 108 W. Main Street, Winnebago, IL
and online at www.villageofwinnebago.com Tel 815.335.2020 | Fax 815.415-8491

The Committee of the Whole Village of Winnebago was held on March 5, 2025, at 6:40 p.m.

ROLL CALL: ACKERMAN – LEFEVRE - MCKINNON - SMITH- present
KIM – PITNEY - absent

Guests: Attorney Mary Gaziano, Village Administrator Joseph Dienberg, Chief Jeff White, Lieutenant Nick Haff, Public Works Director Chad Insko, Treasurer Dana Novinson, and Assistant Deputy Clerk Rachel Windgassen.

4. ESTABLISHMENT OF A QUORUM – A quorum was established.

5. MEETING GUIDELINES

6. PUBLIC COMMENT – No one requested the opportunity to address the Board.

7. APPROVAL OF MINUTES
   a. A motion was made by MR. LEFEVRE, seconded by MR. SMITH to accept the minutes of the February 19, 2025, meeting as presented. Motion carried on a voice vote.

8. DISCUSSION
   a. The Board discussed the grocery tax. It was noted that interest earned has been higher than it may be in the future. It was also noted that Video Gaming income is included in the Community Development fund. It was suggested the open lots in Willingham should be advertised.

      President Eubank suggested needs should be listed by department and then listing the way to get funding to support these needs.

      It was suggested the Village will need to educate the public on the needs to continue the sales tax if the decision is made to continue the grocery tax.

9. EXECUTIVE SESSION – not needed

10. NEW BUSINESS - MR. SMITH noted the intersection of Falconer and McNair roads needs a flashing light to limit the accidents.

11. ADJOURNMENT
A motion was made by MR. SMITH, seconded by MR. LEFEVRE to adjourn at 7:52 p.m. Motion carried on a voice vote.

UNAPPROVED
Sally Jo Huggins, Village Clerk

Agenda Item Executive Summary

Item Name	Police Car Purchase (replace existing vehicle)	Committee or Board	Board

BUDGET IMPACT			
Amount:	Not to exceed $46,000.00	*Budgeted:*	Yes
List what fund:	01-43-831		

EXECUTIVE SUMMARY

The approved 2025 Police budget includes the purchase of one 2025 Ford Explorer Police Interceptor, funded through the Village Police Department's budget under the large equipment purchase line item.
Currently, the department operates a 2013 Ford Taurus as an administrative vehicle for the Chief of Police and for officers attending training. Originally a patrol vehicle, it now has over 115,000 miles and is showing increasing signs of wear, leading to rising maintenance costs and decreasing reliability. Given the evolving demands of law enforcement, replacing this aging vehicle is necessary to ensure efficiency and cost-effectiveness.
Initially, a non-police interceptor (civilian model) vehicle was considered. However, a patrol-capable replacement—such as the 2025 Ford Explorer Police Interceptor—offers a more cost-effective, long-term solution. This vehicle will be minimally equipped with emergency lighting and sirens for immediate use by the Chief. Additionally, when an active patrol vehicle reaches the end of its service life or is damaged beyond repair, the new vehicle can be quickly transitioned into patrol duty. Since it will already have partial police equipment installed, the remaining necessary equipment can be transferred from the outgoing vehicle, minimizing downtime and acquisition costs.
Replacing the 2013 Ford Taurus with a 2025 Ford Explorer Police Interceptor is a strategic investment that enhances safety, performance, and operational efficiency. This upgrade will reduce maintenance costs, improve reliability, and ensure the department remains equipped to meet modern policing demands effectively.

Note: Police-related equipment and installation details will be addressed in a separate executive summary and resolution.

ATTACHMENTS (PLEASE LIST)

Vehicle Replacement Evaluation Form, Quote from Marrow Brothers Ford, Draft Resolution

ACTION REQUESTED

- X For Discussion Only
- ❑ Resolution
- ❑ Ordinance
- ❑ Motion:

MOTION:

Staff:	Chief White	Date:	March 18, 2025

Vehicle #	# 113	Year	2013	VILLAGE OF WINNEBAGO		
Make	Ford	Model	Taurus (Police Interceptor)			
Miles	115,820	Hours	Unknown	Vehicle Replacement Guideline Evaluation Form		
Original $	26,223	in (date)	12/12/2013			
Budgeted Replacement	$47,165 (MSRP)			Replacement Point Range		
Sale/ Auction/ Estimated Trade-in $			3,025.00	Under 18 points	Condition I	Excellent
Life Expectancy	5-7 years			18 -22 points	Condition II	Good
Type of Service	Police Interceptor			23 - 27 points	Condition III	Qualifies for replacement
Department	Police			28+ points	Condition IV	High priority replacement

FACTOR	POINTS	DESCRIPTION	VEHICLE SCORE
AGE	1	Each year of chronological age	12
MILES / HOURS	1	Each 10,000 miles of usage	11
	1	Each 700 hours of usage (priority over miles on heavy duty and off road equipment)	Unknown
TYPE OF SERVICE	1	Standard sedans and light pickups	0
	2	Standard vehicles with the occasional off-road usage	0
	3	Vehicles that pull trailers, haul heavy loads, has continued off-road usage, and police administration	0
	4	Any vehicle involved in snow removal	0
	5	Police emergency response vehicles	5
RELIABILITY (PM work not included)	1	In shop one time within a three month time period, no major breakdowns or road calls	0
	2	In shop one time within a three month time period, one breakdown or road call within a three month period	0
	3	In shop more than twice within a one month time period, no major breakdowns or road calls	0
	4	In shop more than once within a one month time period, two or more breakdowns/road calls within the same time period	0
	5	In shop more than twice monthly, two or more breakdowns within one month time period	0
MAINTENANCE AND REPAIR (Accident Repairs not included)	1	Maintenance costs (cumulative total) are ≤ 10% of purchase cost	0
	2	Maintenance costs (cumulative total) are ≤ 25% of purchase cost	0
	3	Maintenance costs (cumulative total) are ≤ 45% of purchase cost	0
	4	Maintenance costs (cumulative total) are ≤ 60% of purchase cost	0
	5	Maintenance costs (cumulative total) are ≥ 61% of purchase cost	5
CONDITION	1	Good drive train and minor body imperfections (road chips, scratches)	0
	2	Imperfections in body & paint, paint fading & dents, interior fair (no rips, tears, burns), and a good drive train	0
	3	Noticeable imperfections in body and paint surface, some minor rust, minor damage from add-on equipment, worn interior (one or more rips, tears, burns), and a weak or noisy drive train	3
	4	Previous accident damage, poor paint and body condition (rust, holes), bad interior (tears, rips, cracked cash), major damage from add-on equipment, and one drive train component bad	0
	5	Previous accident damage, poor paint, bad interior, drive train that is damaged or inoperative, major damage from add-on equipment	0
		Total	36

MORROW BROTHERS Ford
Greenfield, IL 877-368-3038
WWW.MORROWBROTHERSFOR
1242 Main Street • GREENFIELD IL 62044
(217) 368-3037 • Fax (217) 368-3517 • Toll free 1-877-368-3038

March 5, 2025

Lt. Nicholas K. Haff
Winnebago Police Department
O: 815-335-2020
nhaff@winnebagoil.gov

We propose the following for your consideration.

1-New 2025 Police Interceptor Utility AWD
Exterior Color Black
Cloth Front Bucket Seats
51R Driver's Side LED Spotlight
68G Rear Locks/Windows D.C.
New MP License/Title
Delivery to Winnebago PD
All standard equipment per attached page

Illinois Government Price $45,545.00*

Units presently have an ETA* of late April and are available first come first serve. All trade in vehicles are welcome. Let me know if you have any questions.

Thank you,

Richie Morrow Wellenkamp
Government Sales Manager
Morrow Brothers Ford, Inc.

Customer Acceptance: ______________________

Date of Acceptance: ______________________

Please submit this page along with your purchase order and a copy of your Illinois Tax Exempt Letter.

STATE OF ILLINOIS)
) SS
COUNTY OF WINNEBAGO)

PAMPHLET PUBLICATION CERTIFICATION FORM

I, Sally Jo Huggins, certify that I am the duly elected and acting Village Clerk of the Village of Winnebago, Winnebago County, Illinois.

I further certify that on ___________________, 2025 the Corporate Authorities of the above municipality passed and approved Resolution No. 2025-______ R, entitled, "**AA RESOLUTION TO APPROVE THE PURCHASE OF A 2025 FORD EXPLORER POLICE INTERCEPTOR UTILITY VEHICLE** ", which provided by its terms that it should be published in pamphlet form.

The pamphlet form of resolution No. 2025- ______R, including the resolution and a cover thereof, was prepared and a copy of the resolution was posted in the Village office located at 108 West Main Street, Winnebago, Illinois, commencing on ___________________, 2025, and continuing for a least (10) days thereafter. Copies of the resolution were also available for public inspection upon request in the office of the Village Clerk located at the above Village office address.

DATED at Winnebago, Illinois, this ______ day of ________________, 2025.

(SEAL)

____
Sally Jo Huggins, Village Clerk

VILLAGE OF WINNEBAGO

RESOLUTION NO. 2025 - ______R

A RESOLUTION TO APPROVE THE PURCHASE OF A 2025 FORD EXPLORER POLICE INTERCEPTOR UTILITY VEHICLE

ADOPTED BY THE BOARD OF TRUSTEES

VILLAGE OF WINNEBAGO

THIS ________________DAY OF _________________, 2025

Published in pamphlet form by authority of the Village Board of Trustees of the Village of Winnebago, Illinois, this _________day of _________________, 2025

____

RESOLUTION NO. 2025- _____R

A RESOLUTION TO APPROVE THE PURCHASE OF A 2025 FORD EXPLORER POLICE INTERCEPTOR UTILITY VEHICLE

WHEREAS, the Village of Winnebago operates a police department to ensure the safety and security of the community; and

WHEREAS, the police department requires reliable vehicles to support its daily operations; and

WHEREAS, police vehicles must be periodically replaced as they reach the end of their operational life to maintain efficiency and cost-effectiveness; and

WHEREAS, a 2013 Ford Taurus, previously used for patrol operations, has been in service for over a decade and has accumulated more than 115,000 miles; and

WHEREAS, the 2013 Ford Taurus has undergone numerous repairs and currently requires front suspension repairs, and its model year and condition justify its replacement; and

WHEREAS, a police-service-capable vehicle is necessary to replace the 2013 Ford Taurus to support ongoing police department operations; and

WHEREAS, the Chief of Police recommends that the Village President and Board of Trustees approve the purchase of a 2025 Ford Explorer Police Interceptor Utility Vehicle from Morrow Brother Ford, Inc. at a cost not to exceed $46,000.00, to be funded through the General Police Fund – Line Item 01-43-831;

NOW, THEREFORE, BE IT RESOLVED by the President and the Board of Trustees of the Village of Winnebago, in the County of Winnebago, Illinois, as follows:

SECTION I

The recitals set forth above are incorporated herein and made a part of this Resolution.

SECTION II

The Chief of Police is hereby authorized to purchase a 2025 Ford Explorer Police Interceptor Utility Vehicle at a price not to exceed $46,000.00, with funds allocated from the General Police Fund – Line Item 01-43-831.

SECTION III

This Resolution shall be effective immediately upon its passage and approval as provided by law.

APPROVED BY: ______________________________________

Franklin J. Eubank, Jr., President of the Board
of Trustees of the Village of Winnebago, Illinois

ATTEST:

____

Sally Jo Huggins, Village Clerk

PASSED: ____________________

APPROVED: ____________________

PUBLISHED IN
PAMPHLET FORM: ____________________

Agenda Item Executive Summary

Item Name	Public Works Sidewalk Discretion	Committee or Board	Committee

BUDGET IMPACT			
Amount:	50,000	*Budgeted:*	
List what fund:	01-42-515		

EXECUTIVE SUMMARY

Village of Winnebago Sidewalk Programs: 2025 Updates

2025 Sidewalk Maintenance Program Proposal.

- Request: Continuation of funding for the Safe Step Program and discretionary spending on sidewalk maintenance.
  - Safe Step Program Funding Request: $10,000 (Same as 2024)
  - Discretionary Spending Request: $40,000 (To continue sidewalk repairs and hazard management)
- Program Overview: The Public Works Department proposes to engage a mix of three local contractors to maximize the amount of sidewalk area that can be completed. The department will handle removal, base gravel installation, and restoration of grass and dirt areas

ATTACHMENTS (PLEASE LIST)

Resolution Approving Sidewalk Maintenance Spending

ACTION REQUESTED

☒For Discussion Only

☒ Resolution

☐ Ordinance

☐ Motion:

MOTION:

Staff:	Chad Insko, Director of Public Works	Date:	March 18, 2025

RESOLUTION NO. 2025-_____ R

RESOLUTION APPROVING SIDEWALK MAINTENANCE SPENDING

WHEREAS, the Village of Winnebago recognizes the importance of maintaining safe and accessible sidewalks for the benefit of its residents; and

WHEREAS, the 2025 Streets Budget includes provisions for the Sidewalk Maintenance program; and

WHEREAS, the Public Works Department has requested approval for the continuation of the Safe Step Sidewalk Program for ongoing evaluation, identification and repair of specific sidewalk hazards in the amount of *$10,000* to be paid from the Sidewalk Maintenance Budget (Line# 01-42-515); and

WHEREAS, the Public Works Department has requested additional approval for discretionary spending of the remaining $40,000 from the Sidewalk Maintenance budget (Line # 01-42-515) to address perpetual sidewalk repair needs; and

WHEREAS, the Public Works Department aims to utilize these funds for the construction of new sidewalks and the repair of known sidewalk hazards; and

WHEREAS, in order to maximize efficiency and assess the quality of workmanship, the Public Works Department proposes a mix of local contractors for sidewalk repair, focusing on completing as much square footage as possible within the allocated budget; and

WHEREAS, the Public Works Department will oversee the collection of pricing from contractors solely for the square footage of sidewalk installation, while retaining responsibility for sidewalk removal, base gravel installation, and the restoration of grass seed and dirt.

NOW, THEREFORE, BE IT RESOLVED, that the Village of Winnebago Board hereby approves the spending of $50,000 from the Sidewalk Maintenance budget from Line #01-42-515 for the purpose of sidewalk repair,

BE IT FURTHER RESOLVED that the Public Works Department is authorized to proceed with the implementation of the proposed sidewalk repair program, including the use of local contractors, as described in this resolution.

This Resolution shall be effective immediately upon its introduction, passage, approval, and publication.

PASSED AND ADOPTED this _____ day of __________, 2025.

APPROVED:

____

Franklin J. Eubank, Jr., President of the Board of Trustees
of the Village of Winnebago, Illinois

ATTEST:

____

Sally Jo Huggins, Village Clerk

PASSED: ____________________

APPROVED: ____________________

PUBLISHED IN PAMPHLET FORM: ____________________

Agenda Item Executive Summary

Item Name	Draft Resolution Expressing The Village Board's Intent To Consider The Use Of Revenues Traditionally Appropriated For The General Fund To Support Community Development Initiatives	Committee or Board	Committee

BUDGET IMPACT			
Amount:	N/A	*Budgeted:*	N/A
List what fund:	N/A		

EXECUTIVE SUMMARY

The Village Board has been reviewing the State of Illinois' repeal of the grocery sales tax and has been discussing whether to implement a locally imposed 1% grocery sales tax, as permitted by Public Act 103-0781. Adoption of the Illinois Municipal League (IML) Model Ordinance would preserve an estimated $120,000 in annual revenue that currently supports essential Village services, including public safety, public works, and administration. Without local action, this revenue will be lost when the state-imposed grocery tax expires on January 1, 2026.

At the March 5, 2025, Committee of the Whole meeting, the Board discussed the financial implications of the grocery tax repeal and potential approaches to addressing the resulting revenue shortfall. During that discussion, Board members expressed that they did not want to see reductions in core services. There was also recognition of the importance of continued investment in community development to support long-term growth and the Village's financial health. Based on that discussion, a draft resolution has been prepared for consideration. The resolution outlines the Village Board's intent to periodically evaluate whether to allocate revenues traditionally appropriated for the General Fund toward community development initiatives. It should be noted that the resolution was drafted with the understanding that both the Village's Strategic Plan and the grocery tax ordinance are in place; however, these references are included for draft purposes only.

Board input is requested on both the ordinance and resolution to determine the appropriate next steps.

ATTACHMENTS (PLEASE LIST)

- IML Model Ordinance - Grocery Tax
- Draft Resolution Expressing The Village Board's Intent To Consider The Use Of Revenues Traditionally Appropriated For The General Fund To Support Community Development Initiatives
- Grocery Tax Update Memo 3/5
- Grocery Tax Discussion Memo 2/19
- IML Locally Imposed Grocery Sales Tax Guidance

ACTION REQUESTED

☒ For Discussion Only
☐ Resolution
☐ Ordinance
☐ Motion:

Staff: Joey Dienberg, Village Administrator   Date: 3/19/24

ORDINANCE NO. ______________

AN ORDINANCE IMPLEMENTING A MUNICIPAL GROCERY RETAILERS' OCCUPATION TAX AND A MUNICIPAL GROCERY SERVICE OCCUPATION TAX

FOR THE CITY/VILLAGE/TOWN OF ______________________________________

WHEREAS, the Illinois Municipal Code, 65 ILCS 5/1-2-1, provides that the corporate authorities of each municipality may pass all ordinances and make all rules and regulations proper or necessary, to carry into effect the powers granted to municipalities, with such fines or penalties as may be deemed proper; and,

WHEREAS, the **City/Village/Town** of __________________ (**City/Village/Town**) is a home rule/non-home rule (select one) Illinois municipality pursuant to the Constitution of the State of Illinois of 1970, as amended; and,

WHEREAS, Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24) provides that, beginning on January 1, 2026, all Illinois municipalities may impose a tax "upon all persons engaged in the business of selling groceries at retail in the municipality" (the "Municipal Grocery Tax") (65 ILCS 5/8-11-24); and,

WHEREAS, the Municipal Grocery Retailers' Occupation Tax may be imposed "at the rate of 1% of the gross receipts from these sales" (65 ILCS 5/8-11-24); and,

WHEREAS, any Municipal Grocery Retailers' Occupation Tax shall be administered, collected and enforced by the Illinois Department of Revenue; and,

WHEREAS, Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24) requires any municipality imposing a Municipal Grocery Retailers' Occupation Tax under Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24) to also impose a Service Occupation Tax at the same rate, "upon all persons engaged, in the municipality, in the business of making sales of service, who, as an incident to making those sales of service, transfer groceries" as "an incident to a sale of service" (the "Municipal Grocery Service Occupation Tax") (65 ILCS 5/8-11-24); and,

WHEREAS, any Municipal Grocery Service Occupation Tax shall be administered, collected and enforced by the Illinois Department of Revenue; and,

WHEREAS, the **City Council/President and Board of Trustees of the Village/President and Board of Trustees of the Town** believe that it is appropriate, necessary and in the best interests of the **City/Village/Town** and its residents, that the **City/Village/Town** levy a Municipal Grocery Retailers' Occupation Tax as permitted by Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24); and, WHEREAS, the **City Council/President and Board of Trustees of the Village/President and Board of Trustees of the Town** believe that it is appropriate, necessary and in the best interests of the **City/Village/Town** and its residents, that the **City/Village/Town** levy a Municipal Grocery Service Occupation Tax as permitted by Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24); and,

NOW, THEREFORE, be it ordained, by the **City Council/President and Board of Trustees of the Village/President and Board of Trustees of the Town** of ________________________ **(City/Village/Town)** as follows:

Section 1. Incorporation of Recitals. The foregoing recitals shall be and are hereby incorporated as findings of fact as if said recitals were fully set forth herein.

Section 2. Municipal Grocery Retailers' Occupation Tax Imposed. A tax is hereby imposed upon all persons engaged in the business of selling groceries at retail in this municipality at the rate of 1% of the gross receipts from such sales made in the course of such business while this Ordinance is in effect. The imposition of this tax is in accordance with and subject to the provisions of Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24).

Section 3. Municipal Grocery Service Occupation Tax. A tax is hereby imposed upon all persons engaged in this municipality in the business of making sales of service, who, as an incident to making those sales of service, transfer groceries as an incident to a sale of service. The rate of this tax shall be the same rate identified in Section 2, above. The imposition of this tax is in accordance with and subject to the provisions of Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24).

Section 4. Illinois Department of Revenue to Administer Both Taxes. The taxes hereby imposed, and all civil penalties that may be assessed as an incident thereto, shall be collected and enforced by the Department of Revenue of the State of Illinois. The Illinois Department of Revenue shall have full power to administer and enforce the provisions of this Ordinance.

Section 5. Clerk to file Ordinance with Illinois Department of Revenue. As required under Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24), the Clerk is hereby directed to file a certified copy of this Ordinance with the Illinois Department of Revenue on or before (choose one: [April 1, 20__] or [October 1, 20__]).

Section 6. Effective Date. The taxes imposed by this Ordinance shall take effect on the later of: (i) January 1, 2026; (ii) the first day of July next following the adoption and filing of this Ordinance with the Department of Revenue, if filed on or before the preceding April 1st; or, (iii) the first day of January next following the adoption and filing of this Ordinance with the Department of Revenue, if filed on or before the preceding October 1st.

Section 7. Repeal of Conflicting Provisions. All ordinances, resolutions and policies or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of the conflict, expressly repealed on the effective date of this Ordinance.

Section 8. Severability. If any provision of this Ordinance or application thereof to any person or circumstances is ruled unconstitutional or otherwise invalid, such invalidity shall not affect other provisions or applications of this Ordinance that can be given effect without the invalid application or provision, and each invalid provision or invalid application of this Ordinance is severable.

Section 9. Headings/Captions. The headings/captions identifying the various sections and subsections of this Ordinance are for reference only and do not define, modify, expand or limit any of the terms or provisions of the Ordinance.

Section 10. Publication. The Clerk is directed by the corporate authorities to publish this Ordinance in pamphlet form. This Ordinance shall be in full force and effect after its passage and publication in accordance with 65 ILCS 5/1-2-4.

PASSED THIS _____ day of ____________________, 20_________.

AYES: _________
NAYS: _________
ABSTENTIONS: _________
ABSENT: _________

APPROVED THIS _____ day of _________________, 20_________.

____
Mayor/Village President/Town President

ATTEST:

____
Clerk

BEFORE ADOPTING ANY ORDINANCE, MUNICIPAL OFFICIALS SHOULD CONSULT WITH THEIR RETAINED LEGAL COUNSEL OR OTHER QUALIFIED ATTORNEY.

VILLAGE OF WINNEBAGO
RESOLUTION NO. 2025-__

A RESOLUTION EXPRESSING THE VILLAGE BOARD'S INTENT TO CONSIDER THE USE OF REVENUES TRADITIONALLY APPROPRIATED FOR THE GENERAL FUND TO SUPPORT COMMUNITY DEVELOPMENT INITIATIVES

WHEREAS, the Village of Winnebago is committed to the financial stability and responsible management of public funds to ensure the continued delivery of essential municipal services, including police protection, public works, and general administration; and

WHEREAS, the repeal of the state-imposed grocery tax has resulted in an annual reduction of approximately $120,000 in revenues traditionally appropriated for the General Fund, creating a structural funding gap for core municipal operations; and

WHEREAS, after thorough financial analysis and consideration of alternative revenue sources, the Village Board enacted a local 1% grocery sales tax to ensure that the Village retains critical revenue necessary to support public safety, infrastructure maintenance, and administrative functions without additional financial burdens on property taxpayers; and

WHEREAS, the Village's Strategic Plan identifies financial sustainability, responsible economic growth, and community development as important objectives that may require strategic investments and thoughtful fiscal management; and

WHEREAS, the Village's Comprehensive Plan establishes a framework for land use, infrastructure planning, and economic development, providing guidance for financial policies and development strategies; and

WHEREAS, the Village Board acknowledges that Community Development—including economic development initiatives, business attraction and retention, and quality-of-life enhancements—is an important municipal function that may benefit from future funding consideration; and

WHEREAS, the Village Board recognizes that the Community Development Fund (Fund 17) serves as a designated funding source for these initiatives and should be utilized prior to considering the use of additional revenues traditionally appropriated for the General Fund; and

WHEREAS, the Village Board desires to express its intent to periodically review and evaluate, at its discretion, the feasibility of allocating additional resources in future budget discussions for community development purposes, in a manner that remains flexible and responsive to evolving financial conditions and priorities.

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF WINNEBAGO, ILLINOIS, AS FOLLOWS:

SECTION 1. GENERAL FUND PRIORITIZATION

The Village Board affirms its commitment to prioritizing revenues traditionally appropriated for the General Fund toward the continued funding of essential services, including public safety, infrastructure maintenance, and administrative operations. Any potential future consideration of utilizing such revenues or new revenues for community development purposes shall be evaluated on a case-by-case basis and only after these core services are determined to be fully supported.

SECTION 2. DEFINITION OF COMMUNITY DEVELOPMENT

For the purposes of this Resolution, "Community Development" may include, but is not limited to:

- **Economic Development Initiatives** – Programs and investments aimed at attracting, retaining, and expanding residential, commercial, and industrial growth within the Village.
- **Business Attraction & Retention** – Incentives and policies designed to support existing businesses and attract new commercial activity.
- **Quality of Life Enhancements** – Investments in parks, public spaces, beautification projects, community engagement efforts, and local events that foster civic participation, enhance community identity, and contribute to the overall well-being of residents and businesses.

SECTION 3. FLEXIBLE CONSIDERATION FOR THE USE OF REVENUES TRADITIONALLY APPROPRIATED FOR THE GENERAL FUND

At its discretion, and subject to future financial assessments, the Village Board may consider allocating a portion of revenues traditionally appropriated for the General Fund to support Community Development initiatives during future budgeting processes. Such consideration shall remain non-binding and subject to the following guidelines:

1. Any proposed allocation shall be specifically identified in the context of the Village's annual appropriation discussion or through supplemental appropriation deliberations.
2. Existing reserves in the Community Development Fund shall be prioritized and substantially utilized before any additional resources are allocated.
3. The Village Treasurer shall provide an updated financial analysis confirming that General Fund resources are sufficient to meet ongoing obligations before any additional allocation is considered.

SECTION 4. ANNUAL BUDGET DISCUSSIONS AND FUTURE EVALUATIONS

Beginning with discussions for the Fiscal Year 2026 budget and in future years as the Board deems appropriate, the Village Board may, but shall not be obligated to, review and evaluate the potential use of revenues traditionally appropriated for the General Fund to support Community Development purposes. Such evaluations shall:

- Be based on the Village's current financial condition, including the projected grocery tax revenue and General Fund obligations.
- Include an assessment of identified community development initiatives and their alignment with the Village's Strategic Plan and Comprehensive Plan.
- Result in formal budgetary action only if the Village Board determines it is in the best interest of the Village, with the understanding that no commitment is made by this Resolution for future allocations.

SECTION 5. REPORTING AND RECOMMENDATIONS

The Village Administrator shall, as part of the annual budget process, provide the Village Board with information regarding the status of the Community Development Fund and any potential projects that may warrant consideration for additional funding. Such recommendations shall be advisory and shall not obligate the Village Board to act.

SECTION 6. INTENT AND NON-BINDING NATURE

This Resolution is intended to express the Village Board's current intent and general priorities. It shall not create any legally binding obligation, commitment, or guarantee of future funding, and the Village Board expressly reserves the right to modify, amend, or rescind its position in the future as circumstances warrant.

SECTION 7. EFFECTIVE DATE

This Resolution shall be in full force and effect upon its passage and approval.

VILLAGE OF WINNEBAGO

MEMORANDUM

To: **President Frank Eubank and Board of Trustees**

From: **Joseph Dienberg, Village Administrator**

Date: **March 5, 2025**

Subject: **Grocery Tax Discussion – Current Village Revenue Analysis**

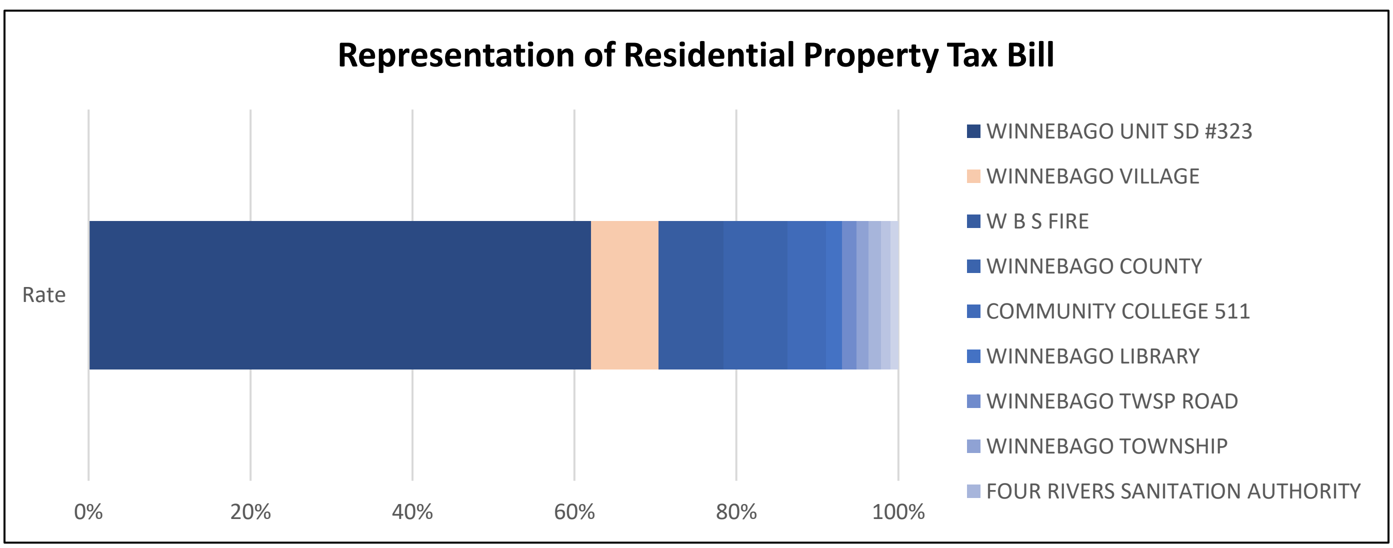
Background: As the Village Board evaluates options in response to the repeal of the state-imposed grocery sales tax, a clear understanding of our fund structure and revenue sources is necessary. This memo outlines the classification of Village revenues, the impact of the grocery tax repeal on the **General Fund (Fund 01)**, and the approach being taken to address the revenue shortfall.

While department heads are actively identifying expenditure reductions that will be presented to the board at a future meeting, the Board's focus remains on understanding the revenue structure to ensure an informed discussion about potential solutions.

Revenue Classifications

The Village's revenues fall into the following eight classifications:

1. **Real Estate Taxes** – Property taxes collected through the Village's Levy. The Village of Winnebago Represents 8% of the average resident's property tax bill. The portion in Orange in the chart below represents the Village's share of an average resident's property tax bill.



2. **Other Taxes (Sales, etc.)** This category includes revenue sources such as local and state sales taxes, the Local Government Distributive Fund (LGDF), excise taxes, motor fuel tax (MFT), cannabis tax, video gaming revenue, and the ComEd utility tax. These taxes represent a significant portion of the Village's revenue base and are primarily tied to economic activity within the community rather than fixed levies like property taxes. A portion of the sales tax revenue has historically been allocated to the Village's General Fund, supporting core services such as police, public works, and administration. With the elimination of the grocery tax, the Village is projected to lose approximately $120,000 annually, creating a direct funding gap for essential operations.

   A. ***Sales Tax:*** The Village receives 1% of the 6.25% state-collected sales tax on general merchandise, which applies to most goods and services purchased within the community. For qualifying grocery items, the state has historically collected a separate 1% grocery tax instead of the standard 6.25%. Unlike general sales tax, 100% of the grocery tax revenue was redistributed to municipalities, providing a dedicated funding source for local governments.
   B. ***Local Government Distributive Fund (LGDF):*** The Local Government Distributive Fund (LGDF) is the Village's per capita share of state income tax revenues. Historically, municipalities received 10% of total state income tax collections, but since 2011, the local share has been reduced to 6.47%, significantly decreasing revenue for local governments. LGDF funding levels are determined by the state budget and are not discretionary. While LGDF remains a key revenue source for municipal operations, these reductions have forced municipalities to rely more heavily on local revenue sources, such as sales tax, to maintain services.
   C. ***Excise Taxes:*** These taxes are levied on specific goods, such as alcohol, cigarettes, and fuel. The Village receives a small share of these taxes through state distributions, but they are not a major component of the General Fund budget.
   D. ***Motor Fuel Tax (MFT):*** MFT revenue is restricted by law and can only be used for road maintenance, infrastructure improvements, and transportation-related projects. It cannot be reallocated to cover operational shortfalls in the General Fund, meaning that any service reductions in response to the grocery tax repeal must come from other areas of the budget.
   E. **Local Use Tax:** Collected on out-of-state purchases by Illinois residents and businesses, this tax ensures online and remote sales contribute to municipal revenue. Distributed based on population, it supplements the General Fund but remains subject to economic and legislative changes.
   F. ***Cannabis Tax:*** The Village receives a portion of state-imposed cannabis sales tax, but similar to MFT, this revenue is restricted and can only be used for public safety and related expenses. It does not provide general operating revenue and cannot be used to offset the loss of the grocery tax.
   G. ***Video Gaming Revenue:*** The Village collects revenue from video gaming terminals operating in local establishments. Unlike other tax revenues, gaming revenue is allocated to the Community Development Fund rather than the General Fund. This dedicated funding supports economic development efforts, helping to attract businesses, improve infrastructure, and grow the tax base. However, because these funds are earmarked for economic development, they are not available to offset the grocery tax loss.
   H. ***ComEd Utility Tax:*** By ordinance 2015-12, the Village has designated revenue from the ComEd utility tax to fund road maintenance. This means that, like MFT, this revenue is restricted and cannot be used to support General Fund operations such as police or administration.

3. **Fines** – Revenue from police fines, administrative towing, and code enforcement violations.

4. **Grants** – State and federal funding received for specific projects or services.
5. **Municipal Charges & Reimbursements –**User Fees, Service Charges, reimbursements and cost-sharing arrangements.

   A. **Water Sales:** Water sales generate revenue from residents and businesses paying for municipal water services. Like capital charges, these funds are dedicated to operating and maintaining the water system and are not available for General Fund purposes.
   B. **Capital Admin Charges:** These charges help fund long-term water and sewer infrastructure improvements, ensuring that the Village can maintain its utility system. A portion of this revenue supports capital projects, while another portion covers payments to the Four Rivers Sanitary Authority (FRSA) as part of the transition of sewer operations to their management.
   C. **Garbage Charges**: The Village collects fees for residential garbage collection, which are passed through to waste haulers under the Village's garbage contract. While this revenue appears in the budget, it is offset by expenses paid to the contracted waste service provider and does not represent discretionary funding for Village operations.
   D. **Intergovernmental Agreement (IGA) for WHS Resource Officer:** This is the largest *"Municipal Charges & Reimbursements"* revenue in the General Fund, representing payments from the school district for the School Resource Officer (SRO). These funds help offset police department expenses but are not general-purpose funds that can be used elsewhere in the budget.
   E. **Development Escrow:** The Village collects escrow deposits from developers to cover engineering, legal, and administrative costs, ensuring that development pays for itself rather than burdening Village resources. Unused funds are returned to the developer. Since Development Escrow is part of the Community Development Fund (Fund 17).

6. **Interest** – Interest earnings have been strong due to high fund balances and favorable rates but are neither stable nor guaranteed. The General Fund budgeted $84,000 in 2024, with actual earnings exceeding $98,000. Other major interest-earning funds, including Operations & Maintenance, Motor Fuel Tax, Strategic Reserves, and Community Development, have also outperformed expectations due to strong cash positions and high rates. **However, as the Village moves forward with capital projects and equipment purchases, fund balances will decline, reducing future interest earnings.** Additionally, interest rates fluctuate, and current high returns are unlikely to continue as economic conditions shift. A declining rate environment will further reduce revenue, making this an unreliable long-term funding source.

   While interest revenue has provided a temporary boost, it cannot offset structural budget shortfalls like the grocery tax repeal. As a volatile, market-driven source, it should not be considered a substitute for stable tax or fee-based funding.

7. **Transfers –** Fund transfers, typically from reserves or other designated funds. For the purposes of this discussion, these have been removed from the analysis as they can overstate actual annual revenue.
8. **Miscellaneous** – Revenue that does not fit into other categories, such as donations or unanticipated revenue sources.

Among these categories, the General Fund relies heavily on Other Taxes (Sales, etc.), including the grocery tax, which has now been eliminated, reducing annual revenue by approximately $120,000.

Fund Structure and Revenue Sources

Each Village fund has specific revenue streams and designated uses. The **General Fund** is the primary operating fund that supports essential services, while other funds, such as **Community Development (CD) and Operations & Maintenance (O&M),** are dedicated to specific functions and cannot be freely reallocated to cover the General Fund shortfall.

01 - General Fund *(Primary Operating Fund – Directly Impacted by Grocery Tax Loss)*

The General Fund is the primary funding source for Village governmental operations, covering police services, public works, administrative costs, and general government activities. Unlike other funds, which have dedicated revenue sources, the General Fund depends primarily on taxes and fees, making it especially vulnerable to external revenue fluctuations like the grocery tax repeal.

- **Primary Revenue Sources:**
  - Real estate taxes
  - Sales tax (including the now-repealed grocery tax)
  - Fines
  - Grants
- **Primary Uses:**
  - **Police Services** – Patrol, investigations, and emergency response.
  - **Public Works** – Street maintenance, drainage projects, and general infrastructure upkeep.
  - **General Administration** – Village operations, finance, and governance.
- **Grocery Tax Impact:**
  - The loss of grocery tax revenue is built into the sales tax category, directly reducing General Fund revenue by $120,000-$150,000 annually (5.69% of the General Fund budget).
  - Since the General Fund is responsible for core Village services, any reduction in funding has an immediate and direct impact on operations, staffing, and service levels.

15 - Motor Fuel Tax (MFT) Fund *(Dedicated for Road Maintenance)*

The MFT Fund is restricted by state law and can only be used for road and street maintenance. This ensures dedicated funding for infrastructure, separate from the General Fund.

- **Primary Revenue Source:**
  - State-allocated Motor Fuel Tax (MFT).
- **Primary Uses:**
  - Road and street maintenance
  - Infrastructure projects
- **Grocery Tax Impact: None**, as MFT revenue is independent of sales tax.

17 - Community Development (CD) Fund *(Economic Growth and Community Project Fund)*

The CD Fund is designed to foster community and economic development by funding community events, community projects (Memorial Park Upgrade), but also for attracting new businesses, supporting housing projects, and broadening the tax base. Unlike the General Fund, which focuses on maintaining existing services, the CD Fund is future-oriented and should not be used to offset immediate financial shortfalls. Diverting CD funds to cover operational costs could undermine long-term growth and make the Village financially weaker in the future.

- **Primary Revenue Sources:**
    - Video Gaming
    - Permit Fees
    - Developer fees
    - Liquor Licenses
    - Grants
- **Primary Uses:**
    - Community Projects
    - Supporting 4th of July Fireworks through an interfund transfer
    - Business attraction and retention
    - Housing and infrastructure development
- **Grocery Tax Impact:** Sales tax revenue does not enter the DC Fund, and continued investment in economic development is crucial for expanding the Village's long-term revenue base.

24 - Strategic Reserves Fund *(Emergency & Long-Term Planning Fund – Not for Operating Shortfalls)*

This fund exists as a financial safeguard for emergencies and future needs. While it could theoretically be tapped to cover short-term revenue gaps, this would not be a sustainable solution. Using reserves to cover operating costs would leave the Village unprepared for unexpected future expenses.

- **Primary Revenue Sources:**
    - Investment earnings
- **Primary Uses:**
    - Emergency funding
    - Long-term strategic projects
- **Grocery Tax Impact: None**, but using reserves is not a sustainable long-term solution.

51 - Operations & Maintenance (O&M) Fund *(Enterprise Fund)*

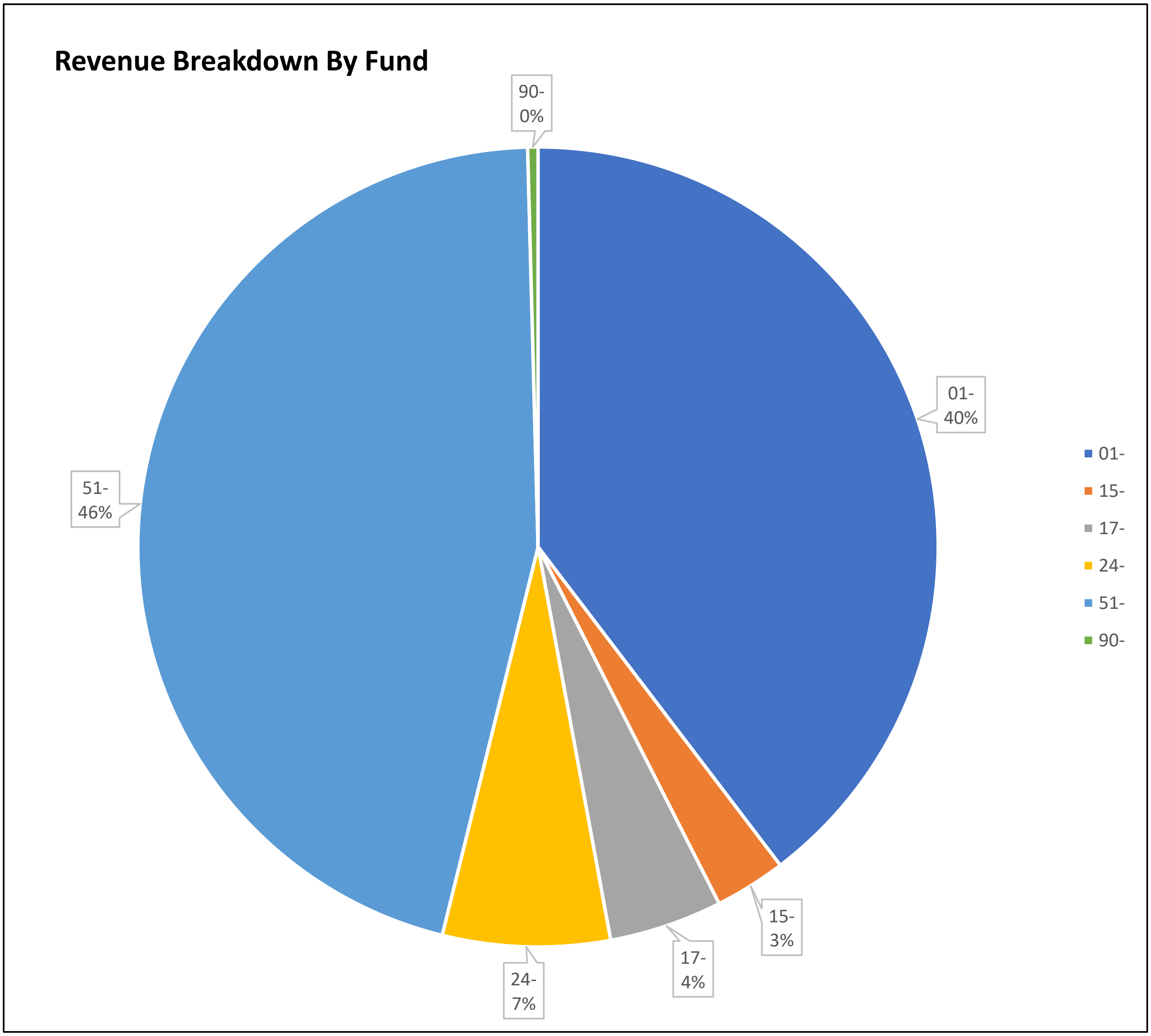
The O&M Fund supports water and sewer services and is funded primarily by user fees. Since residents and businesses pay directly for water services, this fund operates primarily independently from tax revenue. The Village imposes a 1% Local Sales Tax that was approved via referendum to pay for infrastructure related to the FRSA conversion for Sewer Service. As a result, the grocery tax repeal has no effect on O&M operations, and funds from O&M cannot be used to cover General Fund shortfalls.

- **Primary Revenue Sources:**
    - **User/Service Fees** (water and sewer charges).
- **Primary Uses:**
    - Water treatment and infrastructure
- **Grocery Tax Impact: None**, since water and sewer services are paid for by users.

90 - 4th of July Fund *(Community Event Fund)*

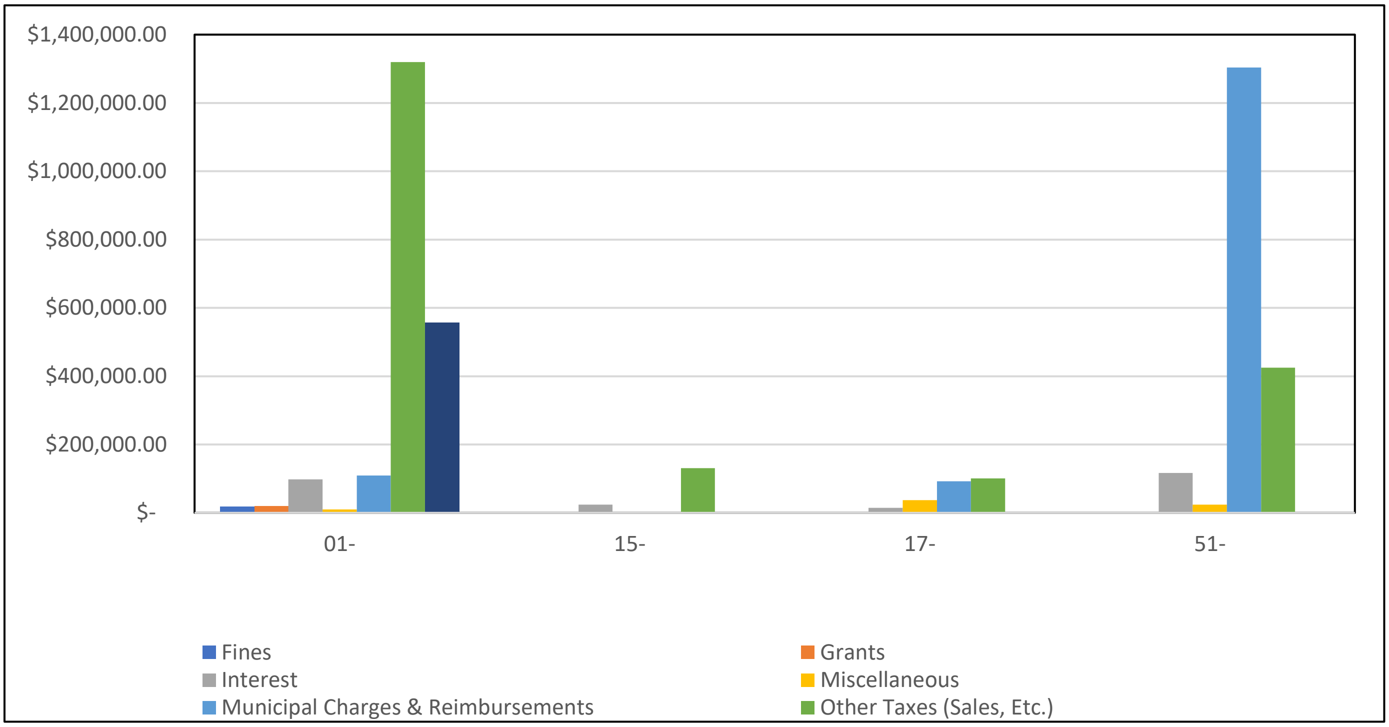
This fund is dedicated solely to community events and celebrations, supported by donations and sponsorships. Because it does not rely on tax revenue, it is not affected by the grocery tax repeal.

- **Primary Revenue Sources:**
  - Transfer-In from Community Development
  - Donations
  - Sponsorships
  - Event-related revenues
- **Primary Uses:**
  - 4th of July celebrations and community events
- **Grocery Tax Impact: None**, as this fund is independent of tax revenue.



The Chart Above shows the 2024 External Revenue Breakdown (Excluding Transfers), by Fund. (01-GEN, 15-MFT, 17-CD, 24-4TH, 47-O&M, 90-SR)

Why the Focus is on the General Fund: The General Fund is the only fund directly affected by the grocery tax repeal because it relies on sales tax revenue. Other funds, such as Community Development (CD) and Operations & Maintenance (O&M), have dedicated revenue sources and legal restrictions on their use. While CD investments could help grow the Village's future tax base, reallocating these funds would hinder long-term financial stability. Similarly, the O&M Fund cannot be used for general government operations since it is self-sustained by user fees. The chart below represents how the previously described categories make up each Fund's revenues:

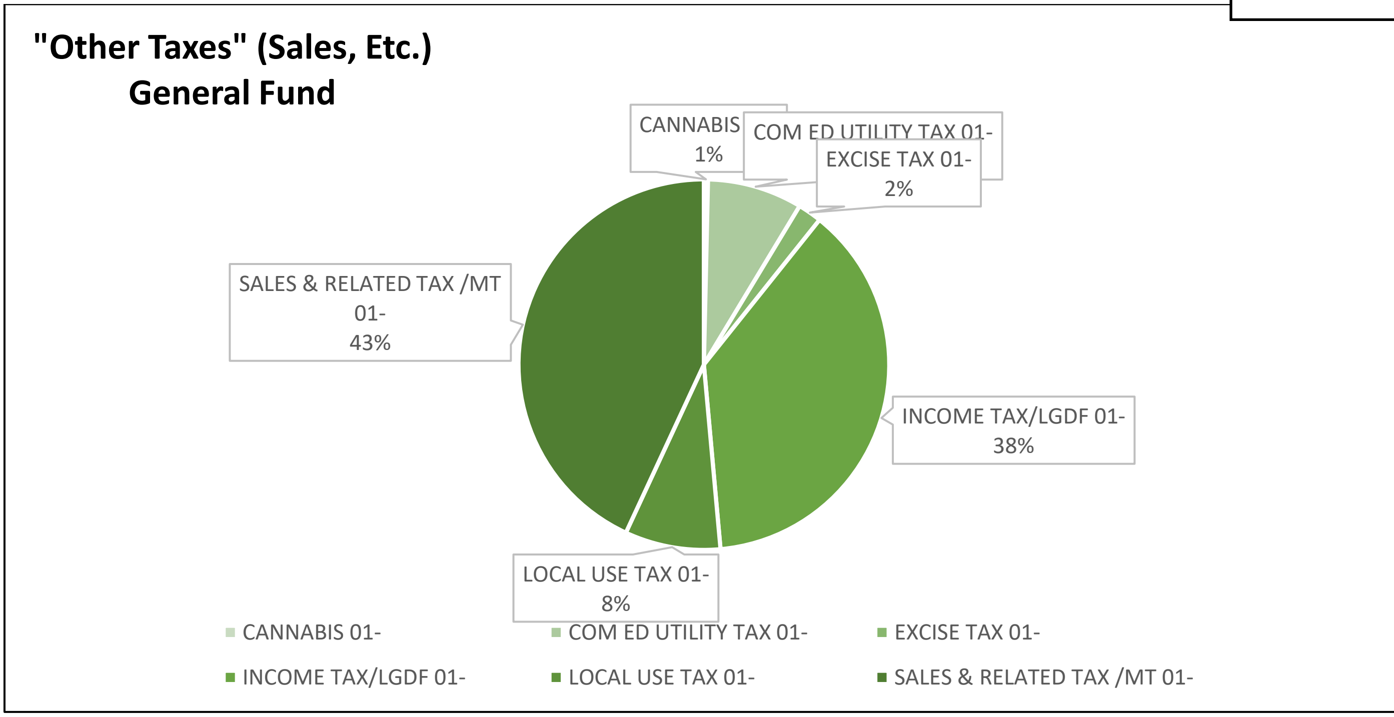


When focusing on the "Other Taxes" classification within the General Fund, this category serves as a critical pillar of the Village's financial stability, encompassing revenue sources such as state and local sales taxes, the Local Government Distributive Fund (LGDF), excise taxes, and other shared tax revenues. As the largest single revenue stream for the General Fund, it provides funding for core municipal operations, including public safety, public works, and general administration.

A significant portion of this revenue has historically come from the grocery tax, contributing an estimated $120,000 to $150,000 annually. If this tax is eliminated, the "Other Taxes" revenue will experience a reduction of 20% to 25% within this revenue classification. Given that "Other Taxes" represent the primary funding mechanism for essential Village services, the effects of this change will need to be addressed.

Unlike other revenue streams that are tied to fixed rates or dedicated funds, "Other Taxes" fluctuates based on economic conditions and legislative changes. The removal of the grocery tax reduces an existing revenue source without an automatic replacement, leaving the Village with a structural gap that will require adjustments through service reductions or alternative revenue solutions.

The chart on the next page provides a detailed breakdown of "Other Taxes", illustrating how the loss of the grocery tax affects the Village's financial outlook.



Next Steps

The Village is at a critical juncture in determining how to address the financial shortfall caused by the grocery tax repeal. While there is no immediate desire to increase the tax burden on residents, it is equally important to recognize that the public has an expectation for a certain level of services. Any reductions must be carefully considered to balance fiscal responsibility with the Village's ability to provide essential operations.

To ensure an informed discussion, department heads are in the process of finalizing proposed service eliminations. These recommendations will be presented at an upcoming meeting, allowing the Board to engage in a deeper discussion about which reductions align with the Village's priorities. Once the Board reaches a consensus on what services would be eliminated, the next step will be to determine whether public forums should be pursued. If the Board chooses to seek public input, staff will facilitate that process, ensuring residents have an opportunity to weigh in.

However, before engaging the public, it is critical that the Board first identifies what reductions are being considered. Without a defined proposal, discussions remain too broad to generate meaningful feedback. A clear direction on service adjustments will allow for a more productive conversation, whether at the Board level or in a public forum.

As discussions move forward, the Board's focus remains on understanding revenue, evaluating the impact of service reductions, and ensuring that any long-term strategy prioritizes financial sustainability. The department heads will provide further details at an upcoming meeting to guide the next phase of decision-making.

VILLAGE OF WINNEBAGO
MEMORANDUM

Prepared By:	Joseph Dienberg, Village Administrator
Meeting Name:	Committee of the Whole
Meeting Date:	February 19, 2025
Item Name:	Grocery Tax Ordinance Discussion

Background:

For decades, the State of Illinois imposed a 1% grocery sales tax, with all revenue dedicated to municipalities to support essential services such as police and fire protection, infrastructure maintenance, and public works. This stable funding source helped local governments avoid increasing property taxes or making significant service reductions.

In 2022, the state temporarily suspended the grocery sales tax as part of an election-year tax relief package, but it continued to reimburse municipalities from the state's General Revenue Fund, ensuring no financial shortfall. **However, in 2024, Governor Pritzker proposed a permanent repeal of the grocery tax,** framing it as a measure to reduce costs for residents. Unlike the temporary suspension, this repeal does not include any replacement funding from the state. Instead, municipalities are now left to decide whether to absorb the revenue loss or impose a local grocery tax.

Despite concerns raised by municipal leaders statewide, the Illinois General Assembly approved Public Act 103-0781, officially repealing the grocery tax effective January 1, 2026. The same legislation grants the authority for municipalities to reimpose a local 1% grocery sales tax by ordinance, without requiring a referendum. However, failure to act before the deadline will result in a complete loss of this revenue source.

Implications for Municipalities

The elimination of the grocery tax follows a broader trend of unfunded mandates being placed on local governments. While the state argues that municipalities have received additional revenues from sources such as cannabis sales and video gaming, these funds are often limited in scope, unreliable, or insufficient to cover the increasing costs of state-mandated expenses, such as:

- Escalating health insurance premiums for municipal employees
- Increased compliance costs due to new state regulations

While the repeal has been framed as a tax cut for residents, the reality is that municipalities must either identify alternative revenue sources or make difficult service reductions.

Regional Coordination and Next Steps:

Recognizing the challenges of enacting this tax individually, our **partner municipalities at NorthCOG** have expressed their intent to **pass this ordinance regionally around June 2025** and potentially hold a **joint press conference and press release**. This coordinated effort aims to reduce public scrutiny on any single municipality while ensuring a unified approach to maintaining financial stability.

Alternative Tax Options Considered

As part of **Public Act 103-0781**, when the state repealed the 1% grocery tax, it simultaneously granted **non-home rule municipalities the authority to impose an additional 1% general sales tax.** This option was intended to provide municipalities with an alternative means to offset the revenue loss, either in addition to or instead of reinstating the grocery tax.

However, after **consulting with the Illinois Municipal League (IML),** staff determined that the **Village of Winnebago is ineligible to impose this tax due to our existing referendum-based sales tax** that funds water infrastructure projects. Illinois law prohibits municipalities from imposing an additional non-home rule sales tax beyond what has already been approved by voter referendum.
This broader sales tax was evaluated because **it would impact residents less directly**, as it would be generated primarily at Winnebago Corners, often **paid by non-residents traveling on US 20.** Unfortunately, due to statutory limitations, this alternative is not available to the Village.

Next Steps for the Village of Winnebago:

Since the Board is not considering immediate action, staff will use the next few months to gather relevant financial data and provide a **detailed analysis of the potential revenue loss** should the Board choose not to reinstate the grocery tax.

At an upcoming meeting, staff will present:

1. **Projected revenue loss** if the Village does not impose the local grocery tax.
2. **Financial impacts on essential services** and how the Village could absorb or offset the shortfall.
3. **Further discussion on the regional approach** and coordination with NorthCOG municipalities.

The Board will have time to evaluate this issue before the **June 2025 NorthCOG regional initiative**. Should the Board decide to proceed, the ordinance must be adopted and filed with the **Illinois Department of Revenue by October 1, 2025**, to ensure uninterrupted revenue collection starting **January 1, 2026**.

This is a significant decision that will impact the Village's long-term financial outlook, and staff looks forward to discussing potential options with the Board in the coming months.

Locally Imposed Grocery Sales Tax

BY ILLINOIS MUNICIPAL LEAGUE STAFF

August 13, 2024

The Illinois Municipal League (IML) played an integral role in securing the authority for both home rule and non-home rule municipalities to implement by ordinance a 1% locally imposed grocery sales tax (without need for referendum approval) following the elimination of the statewide grocery tax effective January 1, 2026.

While IML's preference was to maintain the status quo and for the tax to remain statewide, Public Act 103-0781 repeals the statewide tax on groceries. However, the authority to implement a 1% grocery sales tax locally by ordinance was approved as part of the same legislation.

IML advocated for a delayed implementation date of the statewide grocery tax repeal and the elimination of the Illinois Department of Revenue's (IDOR) administrative fees to collect and remit the tax, meaning municipalities will see no decrease or lapse in grocery tax revenue, if timely in implementing the tax locally.

The statewide tax will not be repealed until January 1, 2026; until then, nothing will change and no action will be necessary by municipalities. However, for those municipalities that wish to implement the tax locally on day one, there are important benchmarks to consider.

For municipalities, both home rule and non-home rule, that wish to implement a local grocery sales tax effective on January 1, 2026, the first step is to pass an authorizing ordinance. IML has developed a model ordinance that can be adopted locally, which is available on our website.[1] A certified copy of the ordinance must then be submitted to IDOR, postmarked by October 1, 2025, in order for the tax to be imposed beginning January 1, 2026. This will guarantee no lapse in revenues from this tax. Questions may be directed to IDOR regarding their processes and rules. IDOR Local Tax Allocation Division (LTAD) contact information is available on their website,[2] or contact LTAD by phone at (217) 785-6518.

If a municipality chooses to wait to implement a local 1% grocery tax at a later date, please keep in mind that ordinances authorizing a local tax must be sent to IDOR and postmarked before April 1 for collection to begin on July 1, or postmarked after April 1 but before October 1, for collections to begin January 1 of the following year.

If your municipality does not wish to impose the grocery tax locally after the statewide expiration, no action is required and the 1% grocery tax will be automatically repealed within your jurisdiction on January 1, 2026.

IML suggests you consult with your municipal attorney prior to considering the adoption of this model ordinance. More resources are available at iml.org/grocerytax.

IMPLEMENTATION TIMELINE

- **Now:** Municipalities that wish to implement the local grocery tax effective on January 1, 2026, should adopt IML's model ordinance now to ensure timely filing with the Illinois Department of Revenue.
- **Prior to October 1, 2025:** A certified copy of an ordinance authorizing the local implementation of a grocery sales tax must be submitted to IDOR, postmarked by October 1, 2025.
- **January 1, 2026:** The statewide grocery sales tax expires; only locally imposed grocery sales taxes will remain.

[1] https://www.iml.org/page.cfm?category=5382
[2] https://tax.illinois.gov/localgovernments/contacts

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