Agenda
Village of Glen Ellyn
Finance Commission Meeting
Friday, March 14, 2025
7:00 AM
Glen Ellyn Civic Center, Room 301

Visitors are most welcome to attend all meetings of the Finance Commission and can find copies of the Agenda at the meeting or online at www.glenellyn.org prior to the meeting. Any individual with a disability requiring reasonable accommodation in order to participate in a meeting should contact The Village of Glen Ellyn ADA Coordinator, 630-469-5000, at least five (5) business days in advance of the next scheduled meeting. All matters on the Agenda may be discussed, amended, and acted upon.

A. Call to Order

B. Roll Call

C. Public Comment

D. Approval of Minutes

1) February 14, 2025 meeting

E. Grocery Tax Follow Up

1) Grocery Tax

F. Staff Report

G. Chairperson's Report

H. Trustee Liaison's Report

I. Other Business

J. Reminders

1) Next Meeting: Friday, April 11, 2025 at 7:00 AM

K. Adjourn

Finance Commission Minutes
February 15, 2025

A. Call to Order

The February 14,2025 Finance Commission Meeting was called to order at 7:02 a.m. by Vice-Chair, Lea Dan, at the Glen Ellyn Civic Center, Room 301.

B. Roll Order

Chris Goodman	Chair	Absent
Lea Dan	Vice-Chair	Present
Anne Arnold	Commissioner	Present
Mike Graham	Commissioner	Present
Leo Hoerdermann	Commissioner	Absent
Grant Lavery	Commissioner	Present
Kevin Moffitt	Commissioner	Present
Brian Niksa	Commissioner	Present
Scott Waldbusser	Commissioner	Present

Also Present:

Village Manager	Mark Franz
Finance Director	Patrick Brankin
Assistant Finance Director	Michele Chaparro
Village Trustee	Kelli Christiansen

C. Public Comment

None

D. Approval of Minutes

Approval of the December 13, 2024, meeting's minutes

Motion to Approve Minutes from December 13 ,2024 Finance Commission Meeting Motion by: Vice-Chairperson Dan Mover: Commissioner Moffit Seconded by: Commissioner Graham Result: Unanimous Approval

E. Financial Reports

Finance Director Brankin presented the 2024 Year-End Financial Report to the commission. It was stressed that it is a preliminary and unaudited cash basis report.

Actual revenues tracked well in comparison to the budgeted numbers and prior year. The .1% increase in revenues compared to the prior year was attributed to strength in building permits and licensing. Expenditures, as expected, exceeded the prior year's numbers by 4% and were below budget.

The General Fund Core Revenues as a percentage of budget all hit their target percentage of 100% with a small exception of the Home Rule Sales Tax which was slightly below at 99.4% of budget. Questions were brought up to why Sales Tax increased but HRT slightly down. An explanation of the difference between HRT and Sales Tax was given for clarification.

General Fund Expenditure Trends were broken down further to specific village departments. Additionally, it was noted that there are previously board approved contracts and open purchase orders that are encumbered but not yet spent. These expenses are amended into the 2025 budget. Cumulative changes in the General Fund were addressed and further clarified.

The collections of the Food and Beverage Tax specifically in November and December were highlighted and concerns were addressed. Real Estate Transfer Tax collections continue to follow the recent trend which is expected to continue in 2025. Other Funds were explained, and questions were addressed. In conclusion, Finance Director stated that all the funds with cash reserve policies had cash in excess of the fund's requirement.

F. Financial Scorecard Discussion

The Commission continued its discussion of the Financial Scorecard which began at the December finance Commission meeting. The continued goal of the review process is to determine which data is relevant to the target audience, which requires refinement, and which data can be removed to unclutter the report.

It was confirmed that the Village Board is the target audience that would find the scorecard most resourceful, however, it was noted that residents as well as prospective residents would find areas of the scorecard useful. Finance Director Brankin suggested that is report could be a living document which could be updated yearly as opposed to the current update of once every 5 years. Village Manager Franz gave background to the conception of the original scorecard and Finance Director Brankin added additional information on the comparison data that has been added to the scorecard in the last 15 years.

Discussions and recommendations were made into which surrounding communities should be used as comparison to Glen Ellyn. It was decided that the currently used communities would continue as peer communities with the exception of Arlington Heights which would be replaced with Lisle. It was stressed that the peer communities are important not only for the village board to make comparisons but for the village itself to present to the communities, especially for budgetary considerations.

The commission continued to review each page of the scorecard in detail. Suggestions were offered by both commissioners, Village Trustee Christiansen, Village Manager Franz and Finance Director Brankin as to what data is relevant, what could be improved and what could be eliminated.

G. Staff Report

None

H. Chairperson's Report

None

I. Trustee Liaison's Report

Village Trustee Christiansen relayed approvals from Monday, February 10th's Village Board meeting. An update was given on the hotel property and the development plan's progress.

J. Other Business

None

K. Reminders

1) Next Meeting: Friday, March 14,2025 at 7:00 a.m.

L. Adjourn

Commissioner Niksa moved to adjourn, and Commissioner Moffit seconded the motion. The meeting was adjourned at 8:31 a.m.

Submitted By: Colette Ameche, Recording Secretary

Glen Ellyn Finance Commission
535 Duane Street
Glen Ellyn, IL 60137

Meeting 3/14/2025 7:00 AM
Department: Finance
Department Head: Patrick Brankin
Category: Discussion Item
Prepared By: Patrick Brankin

AGENDA ITEM (ID # 2025-225)

DOC ID: 2025-225

Grocery Tax

Statement of the Issue:
The State of Illinois recently eliminated the statewide grocery tax with Public Act 103-0781, codified as 65 ILCS 5/8-11-24.

Analysis:
See attached memos written for the Village Board.

Budget Impact:
See attached memos written for the Village Board.

Contribution to Strategic Plan

Action Requested:
See attached memos written for the Village Board.

Attachments:
1. Grocery tax memorandum 4-10-24
2. Grocery tax memorandum 2-14-25
3. Grocery tax presentation

MEMORANDUM

TO: Village Board

FROM: Patrick Brankin, Finance Director

DATE: April 8, 2024

RE: Proposed Elimination of State Grocery Tax

Background

Included in Governor Pritzker's fiscal year 2024-2025 budget is a proposal to eliminate the State's current tax on groceries. As currently enacted, the grocery tax consists of a lower tax rate of 1% imposed by the State on certain items such as food intended to be consumed off premises, drugs and prescriptions, and medical appliances. There are certain major exceptions to this, such as candy, soda, and alcohol, which are taxed at the State's general sales tax rate of 6.25%.

Financial Impact

The entirety of the State's tax collections at the 1% rate are remitted to counties and municipalities, therefore, the Governor's proposed elimination of this tax would have a significant financial impact on Glen Ellyn and no impact on the state. Precisely measuring this potential impact is difficult because the State does not separately remit these collections to the Village, nor do they provide sufficient data to determine exactly how much of the monthly sales tax collections relate to these categories of items. However, we do have methods of estimating the potential revenue loss.

While the State does not provide data on how much of the sales tax is derived from the collections at 1%, it does break down the sales tax into large categories such as general merchandise, food, drinking and eating places, etc. Using the "food" category as the best available proxy for groceries, we can compare the sales tax collections to the home rule sales tax collections for this category. As home rule sales tax is not imposed on groceries, the difference between these two amounts serves as an estimate of the revenue that would be lost if the grocery tax were to be eliminated. For 2022 and 2023, the Village's estimates of grocery sales tax revenue using this methodology are approximately $700,000 and $755,000, respectively. Of note, these amounts are nearly identical to an estimate provided by the DuPage Mayors and Managers Council (DMMC), which used a different methodology. Attached is a list of communities and the expected financial impact.

Incentive Agreements

One additional item to consider is the impact of a potential grocery tax elimination on tax incentive agreements previously entered into by the Village. The Village does have one such agreement with the developer of Pete's Market, and a preliminary review of this agreement by Village Attorney Mathews indicated that nothing in the agreement would require the Village to pay more than a percent of the sales taxes actually collected. As an elimination of the grocery tax would significantly reduce taxes collected from Pete's Market, it is likely that the Village's future obligations to the developer under this agreement would also be reduced.

Next Steps

The new state legislation still must be approved in Springfield but has been planned to go into effect July 1, 2024. Municipalities have been lobbying legislators over the last few months to try and explain the financial impact and the lack of time to prepare. Illinois Municipal League (IML) and the DMMC have been working hard to gather information and share that with all legislators. By most accounts, this will be approved, and we are trying to negotiate resources to make up this loss or, at the very least, more time. Municipalities are suggesting that increasing Local Government Distributive Fund (LGDF) is something that could offset this impact and should be considered. Other ideas that have been discussed include providing municipalities the right to pass a local grocery tax or providing non-Home Rule communities with the ability to pass a Home Rules Sales Tax (HRST). Municipalities will continue to fight against this unfunded mandate and try to protect our local control.

MEMORANDUM

TO: Acting Village President Donna Jean Simon and Village Board of Trustees

FROM: Patrick Brankin, Finance Director

DATE: February 15, 2025

RE: State Grocery Tax Follow Up

Background

As the Village Board is aware, the State of Illinois recently eliminated the statewide grocery tax with Public Act 103-0781, codified as 65 ILCS 5/8-11-24. This elimination will take effect beginning with sales on January 1, 2026. As currently enacted, the grocery tax consists of a lower tax rate of 1% imposed by the State on certain items such as food intended to be consumed off premises, drugs and prescriptions, and medical appliances. There are certain major exceptions, such as candy, soda, and alcohol, which are taxed at the State's general sales tax rate of 6.25%.

Financial Impact

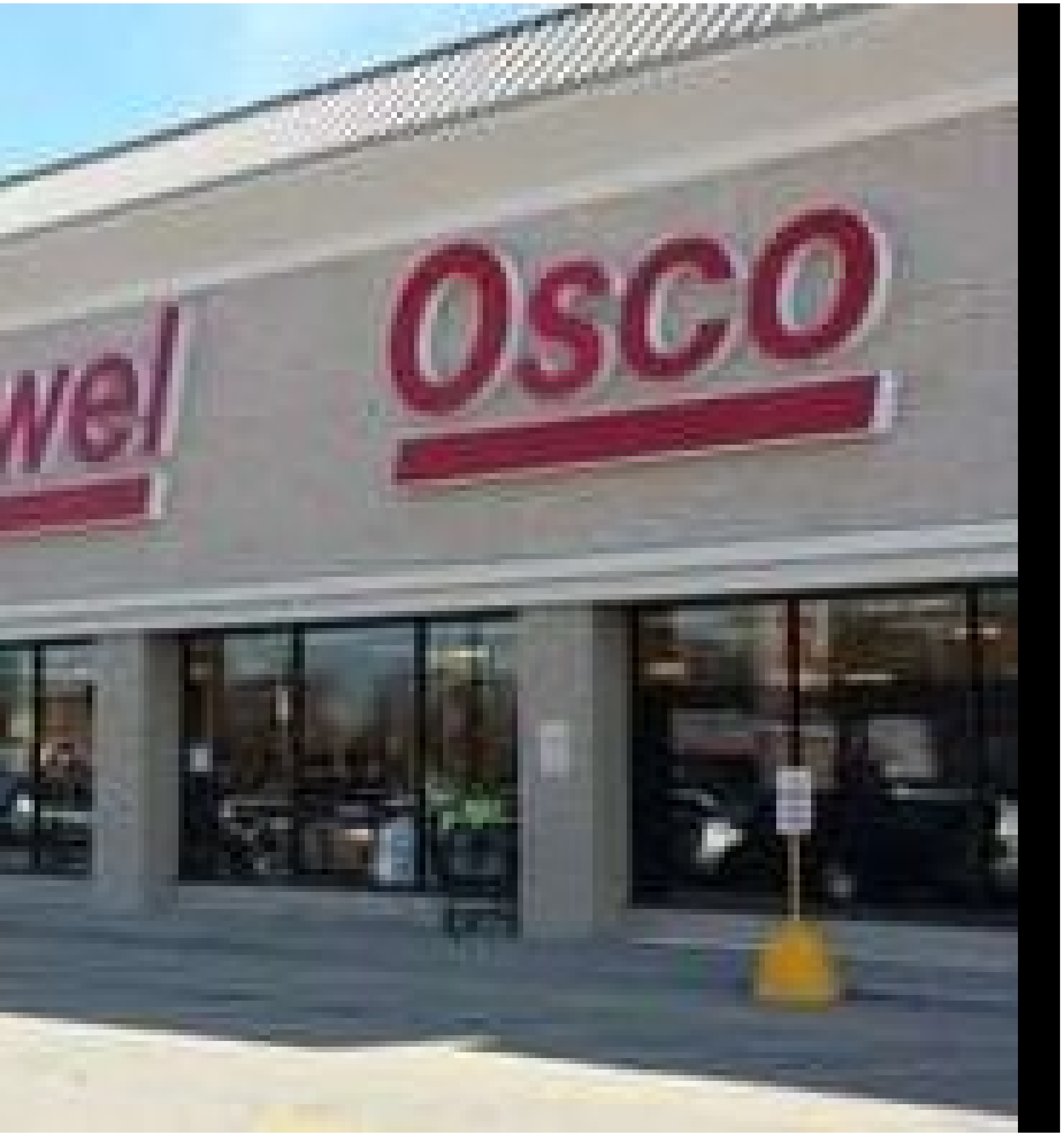
While the State does not provide data on how much of the sales tax is derived from the collections at 1%, it does break down the sales tax into large categories such as general merchandise, food, drinking and eating places, etc. Using the "food" category as the best available proxy for groceries, we can compare the sales tax collections to the home rule sales tax collections for this category. As home rule sales tax is not imposed on groceries, the difference between these two amounts serves as an estimate of the revenue that would be lost if the grocery tax were to be eliminated. For 2022 and 2023, the Village's estimates of grocery sales tax revenue using this methodology are approximately $700,000 and $755,000, respectively. While the necessary data is not yet available for the fourth quarter of 2024, using fourth quarter 2023 data in its place, staff currently estimates $797,000 as 2024 grocery tax revenue.

Next Steps

Through Public Act 103-0781, municipalities in Illinois were granted the ability to implement a 1% local tax on groceries, which would represent an exact, like-for-like replacement of the tax eliminated by the State. Additionally, this local tax would be collected and administered by the Illinois Department of Revenue (IDOR), with no administrative fee collected by IDOR or additional burden imposed on the Village. Municipalities who choose to implement a local tax on groceries must file a certified ordinance with the IDOR by October 1, 2025, and the Illinois Municipal League has provided municipalities with a sample ordinance to assist with this process. To date, nearly 50 communities in Illinois have implemented a local grocery tax.

As set forth in Resolution 25-05, "A Resolution Establishing a Schedule for the Review of Fees and Charges for Calendar Year 2025," staff will revisit this topic with the Finance Commission at its April 2025 meeting and subsequently bring a recommendation to the Village Board at a workshop later in April.

Grocery Tax Update



Background

Statewide grocery tax officially eliminated

- 1% reduced tax rate on certain items
- Effective 1/1/2026
- All grocery tax revenue is distributed to municipalities

Timeline

February 2023

Governor Pritzker proposed a permanent elimination of grocery tax as part of 2024-2025 budget

Summer 2024

Elimination of tax approved by legislature and signed into law

January 1, 2026

Elimination of grocery tax goes into effect

April 2026

Financial impact date

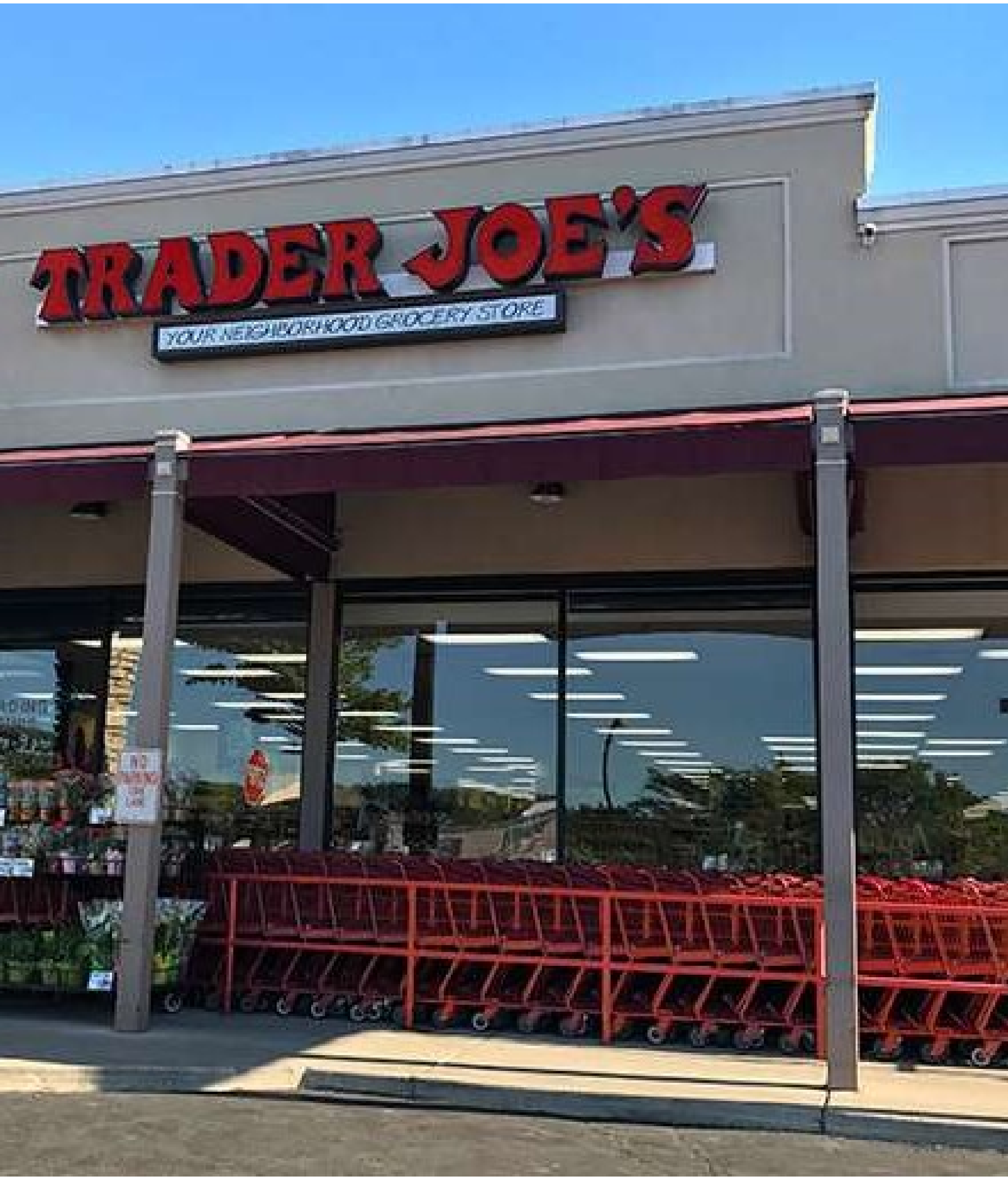
Financial Impact

Lost General Fund Revenue

2022: $700,000

2023: $750,000

2024: $845,000



Next Steps/Options

Local Grocery Tax

- Exact, like-for-like replacement of outgoing tax
  - 1% rate
  - $845k in revenue (2024 sales)

Home Rule Sales Tax Increase

- Must be increased in 25 basis point increments
- $1 million in additional revenue per 25 bp (2024 sales)

Food & Beverage Tax

- 1.5% current rate
- $300,000 in additional revenue per 25 bp (2024 sales)

No action

Action Items

Recommendation to bring to Village Board