



AGENDA

FINANCE COMMITTEE

Finance Committee: July 15, 2025 at 5:15 PM

Village Hall 740 Hillgrove Avenue, Western Springs, IL 60558

- A. Call to Order**
- B. Approval of Minutes**
 - 1. Minutes - June 10, 2025
- C. Public Comment**
- D. New Business**
 - 1. An Ordinance Implementing a Non-Home Rule Municipal Grocery Retailers' Occupation Tax and a Non-Home Rule Municipal Grocery Service Occupation Tax in the Village of Western Springs
- E. Other Business**
- F. Schedule Next Committee Meeting**

Individuals with disabilities who plan to attend / participate in this meeting and who require accommodations to allow them to observe and participate, or who have questions regarding accessibility of the meeting or facilities, are requested to contact Jill Izzo at 708-246-1800, extension 127.

Finance Committee Meeting Minutes
Tuesday, June 10, 2025
Village Hall

Meeting called to order at 5:16 p.m.

Chairperson Karen Martin Presiding

Committee Members Present:

Scott Lewis, Member

Heidi Rudolph, Village President

Committee Members Absent:

None.

Staff Present:

Ellen Baer, Village Manager

John Mastandona, Director of Finance

Electronic Attendance:

None.

Items of Discussion:

- **Minutes:** Member Lewis motioned to approve the May 7, 2025 Finance Committee meeting minutes, second by Chairperson Martin. Motion passed unanimously on a voice vote.
- **Public Comment:** None
- **Revenue Discussion – Grocery Sales Tax and Local Sales Tax [Discussion Only]:** Director Mastandona shared legislative updates from the State’s Public Act 103-0781 that will have an impact on the Village’s revenue collections. He stated that the state-wide grocery sales tax will expire on January 1, 2026. This sales tax is collected based on 1% of sales of grocery items and provided directly to municipalities of where the sale takes place. This generates approximately \$500,000 annually for the Village of Western Springs. The Act provides the opportunity for the Village to continue the collection of the grocery sales tax at a local level. He also stated that the Public Act also provides the Village the ability to implement a Local Sales Tax of up to 1% on other non-grocery items. The Committee discussed both of these revenue items, with no action coming out of Committee, at this time.
- **Other Business: Financial Update:** None
- **Schedule Next Meeting:** Meeting confirmed to be at 5:15pm on July 15, 2025

Adjournment:

Member Lewis motioned to adjourn the meeting, seconded by Chairperson Martin. Motion passed unanimously on a voice vote.

Meeting was adjourned at 6:14 pm

Respectfully Submitted,
John Mastandona
Director of Finance

APPROVED:

DRAFT



AGENDA ITEM SUMMARY

FINANCE COMMITTEE

Finance Committee: July 15, 2025

AGENDA ITEM D.1.

To: Finance Committee

From: John Mastandona, Director of Finance

CC: Ellen Baer, Village Manager

RE: An Ordinance Implementing a Non-Home Rule Municipal Grocery Retailers' Occupation Tax and a Non-Home Rule Municipal Grocery Service Occupation Tax in the Village of Western Springs

Recommendation

Consider a recommendation to approve an ordinance implementing a non-home rule municipal grocery retailers' occupation tax and a non-home rule municipal grocery service occupation tax in the Village of Western Springs.

Summary

Public Act 103-0781 repeals the statewide tax on groceries, which was collected by the State and given directly to the local municipality where the sale occurred. The statewide grocery sales tax expires on **January 1, 2026**. The expiration of the tax would have an immediate impact on the 2026 budget, decreasing sales tax revenues by approximately **\$500,000**. This represents 31% of the Village's Sales Tax collections and a loss of about 4% of total revenues within the General Fund. The impact on future years is even greater, as the Village has seen revenues from sales tax collections increase year-to-year across all categories.

As part of the same legislation, the authority to implement a 1% grocery sales tax locally by ordinance was approved. The Village Board can consider an ordinance that would continue the 1% collection of sales tax on groceries within Western Springs. For the collection of the locally imposed 1% sales tax on groceries to be in effect by the January 1, 2026 expiration, a certified copy of the ordinance must be submitted to the Illinois Department of Revenue (IDOR) by **October 1, 2025**. There is currently no additional administrative fee imposed by the state for facilitating collections.

<u>Deadline to File Ord with IDOR</u>	<u>Collections to Begin</u>
October 1, 2025	January 1, 2026
April 1, 2026	July 1, 2026

Financial Impact

Revenues within the General Fund are utilized for daily operations of the Village.

Recommended Motion

No recommended motion at this time

Strategic Plan Alignment

Financial Growth

File Attachments

1. Grocery Tax One-Pager
2. Ordinance No. 25-____ re Adoption of WS Non-Home Rule Municipal Grocery Retailers Occupation Tax and Municipal Grocery Service T

Grocery Tax

Frequently Asked Questions (FAQs)

➤ WHAT IS THE GROCERY TAX?

In 1990, the State of Illinois introduced a standardized 1% tax on groceries as part of a statewide tax reform effort. Although the revenue was collected by the state, it was distributed to local governments, establishing a consistent and reliable funding source to support municipal operations and provide essential services.

➤ IS THIS A NEW TAX?

No, this tax has been in place for decades. The state is shifting the implementation of this revenue to municipalities, giving communities the ability to sustain this stable, long-term funding source for local programs and projects.

➤ WHY IS THIS REVENUE NOW A LOCAL DECISION?

Effective January 1, 2026, Illinois will no longer collect this revenue that has long provided essential funding to local governments under Public Act 103-0781. Now, municipalities face a critical decision: take action by October 1 to continue this vital funding source or risk losing it permanently. Municipalities must evaluate their community's specific needs and budget priorities to determine the best course forward.

➤ WHY CONTINUE THE GROCERY TAX?

The grocery tax is collected from everyone who shops in the community, including non-residents. This broader reach helps share the cost of funding local services, reducing pressure on revenues such as property taxes generated by residents alone. By investing local tax dollars back into the community, this revenue supports the day-to-day services residents rely on and allows local governments to meet community needs and plan for the future effectively.

Without this essential revenue, local officials would face difficult decisions, including seeking alternative funding sources or potentially reducing services. Choosing to continue this revenue is choosing stability—ensuring continued funding for the projects and services that communities depend on.



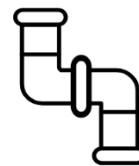
Public Safety



Snow Removal



Road Maintenance



Public Works



Parks & Recreation



Community Programs



Emergency Services



Code Enforcement



Environmental Services

➤ ARE OTHER MUNICIPALITIES CONSIDERING CONTINUING THE GROCERY TAX?

Yes. As of June 17, 2025, **225 municipalities** across Illinois have passed ordinances to continue the grocery tax locally, according to the Illinois Municipal League (IML).



Draft 7.8.2025

ORDINANCE NO. 25-????

VOTE:

AYES: _____

NAYS: _____

ABSENT: _____

ABSTAIN: _____

DATE: August 18, 2025.

OTHER: Published in pamphlet form.

**AN ORDINANCE IMPLEMENTING A NON-HOME
RULE MUNICIPAL GROCERY RETAILERS'
OCCUPATION TAX AND A NON-HOME RULE
MUNICIPAL GROCERY SERVICE OCCUPATION
TAX IN THE VILLAGE OF WESTERN SPRINGS**

WHEREAS, Section 1-2-1 of 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 Village of Western Springs ("Village") is a duly organized and validly existing municipal corporation created under the provisions of the laws of the State of Illinois, and is a non-home-rule municipality as described in Section 7 (Counties And Municipalities Other Than Home Rule Units) of Article VII (Local Government) of the Constitution of the State of Illinois of 1970, and, as such, may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to tax and incur debt; 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 Retailers' Occupation Tax"); and

WHEREAS, the Municipal Grocery Retailers' Occupation Tax may be imposed "at the rate of 1% of the gross receipts from these sales" in accordance with Section 8-11-24 of the Illinois Municipal Code (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 ("IDOR"); 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 IDOR; and

WHEREAS, at a public meeting held on July 15, 2025, the Village Finance Committee ("Committee") reviewed and discussed the proposed Municipal Grocery Retailers' Occupation Tax and

Municipal Grocery Service Occupation Tax, received input from the Village staff and provided an opportunity for public input on the matter. At its July 15, 2025 meeting, the Committee recommended the approval and adoption of the proposed Municipal Grocery Retailers' Occupation Tax and Municipal Grocery Service Occupation Tax; and

WHEREAS, at open public meetings conducted on July 21, 2025 and August 18, 2025, the President and Board of Trustees of the Village reviewed and discussed the Committee's recommendation, and received input from the Village staff and provided an opportunity for public input on the proposed Municipal Grocery Retailers' Occupation Tax and Municipal Grocery Service Occupation Tax. At the August 18, 2025 public meeting, the President and Board of Trustees of the Village accepted the Committee's recommendation to approve an Ordinance that adopts and implements the Municipal Grocery Retailers' Occupation Tax and Municipal Grocery Service Occupation Tax; and

WHEREAS, the President and Board of Trustees of the Village of Western Springs find that it is appropriate, necessary, and protective of the health, welfare and safety of and in the best interests of the Village, its officials, employees, residents, property owners and the public to 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 President and Board of Trustees of the Village of Western Springs believe that it is appropriate, necessary, and protective of the health, welfare and safety of and in the best interests of the Village, its officials, employees, residents, property owners and the public to 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).

BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF WESTERN SPRINGS, COOK COUNTY, ILLINOIS, AS FOLLOWS:

SECTION 1. Incorporation. The above recitals are incorporated by reference into Section 1 of this Ordinance as material terms and provisions.

SECTION 2. Imposition of Non-Home Rule Municipal Retailers' Occupation Tax. A Non-Home Rule Municipal Retailers' Occupation Tax is imposed upon all persons engaged in the business of selling groceries at retail in the Village of Western Springs at the rate of 1.00% of the gross receipts from such sales made in the course of such business while this Ordinance is in effect. The imposition of this Non-Home Rule Municipal Retailers' Occupation Tax is authorized by and enacted 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. Imposition of Non-Home Rule Municipal Service Occupation Tax. A Non-Home Rule Municipal Service Occupation Tax is 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 Non-Home Rule Municipal Service Occupation Tax shall be the same rate identified in Section 2 above. The imposition of this Non-Home Rule Municipal Service Occupation Tax is authorized by and enacted 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 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 Department of Revenue shall have full power to administer and enforce the provisions of this Ordinance.

SECTION 5. Filing of Ordinance with the Illinois Department of Revenue. Upon approval of this Ordinance by the corporate authorities of the Village, as required under Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24), the Village President, the Village Manager or the Village Clerk, or their designees, are directed to file a certified copy of this Ordinance with the Illinois Department of Revenue on or before October 1, 2025.

SECTION 6. Repeal of Conflicting Legislation; Severability. All ordinances, resolutions, policies or parts thereof in conflict with the provisions of this Ordinance, to the extent of such conflict, are repealed. Each section, paragraph, clause and provision of this Ordinance is separable, and if any provision is held unconstitutional or invalid for any reason, such decision shall not affect the remainder of this Ordinance, nor any part thereof, other than that part affected by such decision.

SECTION 7. Effective Date. This Ordinance and the taxes imposed by this Ordinance shall take effect on the earlier of: (1) January 1, 2026, provided that a certified copy of this Ordinance has been filed with the Illinois Department of Revenue on or before October 1, 2025; or (2) July 1, 2026, provided that a certified copy of this Ordinance has been filed with the Illinois Department of Revenue on or before April 1, 2026.

PASSED by the Board of Trustees of the Village of Western Springs, Cook County, Illinois at a Regular Meeting thereof, held on the 18th day of August, 2025, and approved by me as President on the same day.

Heidi Rudolph, Village President

ATTEST:

Edward Tymick, Village Clerk

This Ordinance was published by me in pamphlet form on the ____ day of August, 2025.

Edward Tymick, Village Clerk

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

CLERK'S CERTIFICATE

I, Edward Tymick, Clerk of the Village of Western Springs, in the County of Cook and State of Illinois, certify that the attached document is a true and correct copy of the Ordinance now on file in my office, entitled:

ORDINANCE NO. 25- _____

**AN ORDINANCE IMPLEMENTING
A NON-HOME RULE MUNICIPAL GROCERY RETAILERS' OCCUPATION TAX
AND A NON-HOME RULE MUNICIPAL GROCERY SERVICE OCCUPATION TAX
IN THE VILLAGE OF WESTERN SPRINGS**

which Ordinance was passed by a roll call vote the Board of Trustees of the Village of Western Springs at a Regular Village Board Meeting held on the 18th day of August, 2025, at which meeting a quorum was present, and approved by the President of the Village of Western Springs on the 18th day of August, 2025.

I further certify that the vote on the question of the passage of said Ordinance by the Board of Trustees of the Village of Western Springs was taken by Ayes and Nays and recorded in the minutes of the Board of Trustees of the Village of Western Springs, and that the result of said vote was as follows, to-wit:

AYES: _____

NAYS: _____

ABSENT: _____

I do further certify that the original Ordinance, of which the foregoing is a true copy, is entrusted to my care for safekeeping, and that I am the lawful keeper of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Village of Western Springs, this ____ day of August, 2025.

Edward Tymick, Village Clerk

[SEAL]