



Non-Home Rule Sales Tax Referendum – Frequently Asked Questions

What is a non-home rule sales tax?

The City of Geneva is a non-home rule municipality (population under 25,000). A non-home rule sales tax applies to certain retail merchandise sold within the corporate limits for the purpose of municipal operations, public infrastructure or property tax relief.

Are there kinds of sales that are not subject to this tax?

Yes, non-home rule sales tax does not apply to the sales of:

- Tangible personal property that is titled or registered with an Illinois state agency (e.g., cars, trucks, boats, motorcycles, trailer, snowmobiles, aircraft); and
- Food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food which has been prepared for immediate consumption), and prescription and non-prescription medicines, drugs, and medical supplies.

Is voter approval required before implementation?

Yes, voter approval is required through a referendum. The non-home rule sales tax referendum will appear on the ballot during the General Primary election on Tuesday, March 20, 2018.

What is the question that will be on the ballot?

Shall the corporate authorities of the City of Geneva, Kane County, Illinois be authorized to levy a Non-Home Rule Municipal Retailers' Occupation Tax and Non-Home Rule Municipal Service Occupation Tax (commonly referred to as a "municipal sales tax") at the rate of one percent (1.0%) for the purpose of funding expenditures on municipal operations, expenditures on public infrastructure or for property tax relief?

Are there two sales taxes being proposed?

No, by law the ballot question has to include reference to a *service occupation tax* and a *retailer's occupation tax* in order to address goods purchased directly by the consumer and goods purchased through a service transaction.

What is the proposed tax rate?

Voters will be asked to approve a rate of up to 1%. Geneva currently has a non-home rule sales tax rate of 0.5%. Therefore, the proposed increase in the non-home rule sales tax is 0.5%. With the 0.5% increase, the sales tax rate in the City of Geneva will be 8.00%. The current tax rate in neighboring Batavia and St. Charles is 8.00%.



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How will the increase affect a shopping bill?

For every \$50.00 spent, an extra \$0.25 in tax will be paid.

Why does the City need additional revenue?

The City's revenues are limited, and many Illinois municipalities are seeing that their once-dependable revenues are either flat or declining while expenses for core services (i.e. police, fire, snow removal, etc.) increase. An increase in Sales Tax provides the potential for property tax relief and less reliance on shared revenues from the state of Illinois (which most recently has been reduced by 10%).

What has the City done to reduce expenditures?

The City continually evaluates opportunities to reduce expenditures including but not limited to evaluation of staffing levels and positions, deferment of capital expenses, and evaluation of services provided. Between FY 14 and FY 17 overall general fund expenses increased less than 2% which included an increase in public safety pension expense of nearly 50%.

If approved, when will the tax go into effect?

The tax will go into effect on July 1, 2018.