



City Council Meeting – Aug. 18, 2025 City Staff Responses to Council Questions

Before each City Council meeting, questions that have been posed by the City Council relating to the agenda for that evening will be posted to the City's website. Below are the responses to this week's questions.

7. Reports

a. June 2025 and July 2025 Revenue Reports

Q: How do we understand trends in Personal Property Replacement Tax, Local Use Tax, and Hotel tax?

A: The Illinois Department of Revenue (IDOR) disburses Personal Property Replacement Tax (PPRT) based on current receipts, with final reconciliations occurring after tax returns are filed. For State Fiscal Year 2023 (SFY), July 1, 2022 - June 30, 2023, IDOR's reconciliation identified an over-disbursement of PPRT funds due to tax policy changes. To recover these overpayments, adjustments were made to SFY 2024 disbursements, which is reflected in the City's fiscal year 2023 & 2024 PPRT revenue trend. According to IDOR, the following factors also continue to have an impact in 2025:

- A larger share of business tax payments from pass-through entities will now be directed to the Individual Income Tax rather than PPRT.
- The fiscal year 2025 business income tax true-up process increased the amount diverted out of the PPRT fund, lowering statewide distributions by approximately \$280.6 million compared to fiscal year 2024.
- Transfers from the refund fund to PPRT will decline by \$99.5 million, leaving only \$3.1 million available in fiscal year 2025.
- Net loss deduction limitation: The reinstatement of this provision will have a positive impact on PPRT paid by C corporations.
- Like fiscal year 2024, corporate profits are expected to remain relatively stable, keeping PPRT collections steady but below prior peaks.

In regard to the local use tax, recent legislative changes mandate most out-of-state retailers to pay Retailer's Occupation Tax (Sales Tax) instead of Local Use Tax. This has resulted in a decrease in Local Use tax offset by an increase in Sales Tax receipts.

Hotel/Motel revenues are relatively stable when compared to the first-quarter activities of the prior three fiscal years. City staff will continue to monitor as August, September and October are the higher earning months for this revenue stream.