



ADDENDUM 1

**SPECIAL MEETING NOTICE AND AGENDA
BLOOMINGTON CITY COUNCIL
CITY HALL COUNCIL CHAMBERS**

109 E. OLIVE STREET, BLOOMINGTON, IL 61701

MONDAY, SEPTEMBER 21, 2015, 6:30 P.M.

*(Or as soon thereafter as the preceding Committee of the Whole meeting adjourns
if that meeting extends beyond 6:30 p.m.)*

Correction to agenda and cover memo for Item No. 4

- 4. Consideration of and ~~an~~ action on Amending the Ordinance to Chapter 39 - Taxation, Section 130, to increase the Home Rule Sales Tax and designate the disposition of the increase.** *(Recommend that Council approve the amendment to Chapter 39 – Taxation, Section 130 to increase the Home Rule Sales Tax and designate the disposition of the increase.)(Presentation by David Hales, City Manager and Patti-Lynn Silva, Finance Director 10 minutes, Council Discussion 30 Minutes.)*



CITY OF
Bloomington ILLINOIS
REGULAR AGENDA ITEM NO. 4

FOR COUNCIL: September 21, 2015

SUBJECT: Consideration of and an action amending the Ordinance to Chapter 39 - Taxation, Section 130, to increase the Home Rule Sales Tax and designate the disposition of the increase.

RECOMMENDATION/MOTION: That Council approve the amendment to Chapter 39 – Taxation, Section 130 to increase the Home Rule Sales Tax and designate the disposition of the increase.

STRATEGIC PLAN LINK: Goal 1. Financially sound City providing quality basic services.

STRATEGIC PLAN SIGNIFICANCE: Objective 1a. Budget with adequate resources to support defined services and level of services.

BACKGROUND:

Finance staff has recommended that the City increase its revenue streams to keep up with increasing labor costs. Relying on demand in consumer purchases and city services can no longer pay for city operations. The City's three main revenues categories: property tax, Home Rule Sales Tax and licenses, permits and fees, make up 48 percent of General Fund revenues. Property tax and Home Rule Sales Tax have not been increased in five years and many licenses, permits and fees have remained unchanged. The Home Rule Sales Tax was last increased in FY2009 by 0.25 percent for debt service related to the US Cellular Coliseum (USCC) and Bloomington Center for Performing Arts (BCPA) with any residual revenues to restore the General Fund. Property Taxes were raised in FY2010 by 8.11 percent dedicated to fund city pensions. Licenses, permits and fees for services have not been updated in some cases for over thirty years or with no cost recovery percent decided.

The City finds itself at an opportune time to raise a much needed tax without leaving itself at a disadvantage. The Town of Normal has adopted a 1 percent sales tax increase contingent on the City of Bloomington doing the same. Both the City and the Town of Normal have traditionally had matching tax rates since both communities population are so closely interconnected.

Home Rule Sales Tax is levied on all tangible personal property except:

1. Vehicles, campers, trailers, motorcycles or other licensed
2. Groceries, defined as food for human consumption which is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption),
3. Prescription and non-prescription medicines, drugs, medical appliances and insulin, urine testing materials, syringes and needles used by diabetics.

Sales Tax Rate Comparison for Peer Communities:

City/Town	State Sales Tax Rate	County Public Safety Tax	County School Facility Tax	Home Rule Sales Tax	Total Tax Rate
Bloomington	6.25%	0.00%	0.00%	1.50%	7.75%
Champaign	6.25%	0.25%	1.00%	1.50%	9.00%
Decatur	6.25%	0.25%	1.00%	1.50%	9.00%
Normal	6.25%	0.00%	0.00%	1.50%	7.75%
Peoria	6.25%	0.50%	0.00%	1.50%	8.25%
Springfield	6.25%	0.00%	0.00%	2.25%	8.50%
Urbana	6.25%	0.25%	1.00%	1.50%	9.00%

** Peoria & Springfield has a Business District with an additional 1.00% tax rate.

Home rule sales tax is administered by the Illinois Department of Revenue which allows revenue changes twice per year. The Town of Normal is implementing for a January 1st, 2016 effective date and we recommend the City comply with this date. The filing deadline is October 1st, 2015.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: Budget Task Force Meetings have been held and open to the public on June 8, June 22, July 27, August 10, and August 24, 2015. The Budget Task Force has also made presentations to the Committee of the Whole on July 20, 2015 and to the City Council on August 24, 2015.

FINANCIAL IMPACT: A 1 percent increase in the Home Rule Sales Tax is estimated to generate approximately \$9.6M annually. One quarter of a percent estimated at \$2.4M is proposed to be reserved for McLean County for mental health purposes, and another quarter percent used for the City’s street resurfacing program & sidewalks. The remaining half percent should be used to offset the structural deficit in the General Fund. The largest cost drivers in the General Fund are police and fire operations, followed by parks & public works. The estimated \$4.8M in Home Rules Sales Tax will not fully offset the deficit in 2017.

Respectfully submitted for Council consideration.

Financial & budgetary review by:

Patti-Lynn Silva, Finance Director

Legal review by:

Jeffery R. Jurgens, Corporation Counsel

Recommended by:



David A. Hales
City Manager

Attachments:

- Ordinance
- Other financial exhibits will be provided
- Town of Normal Council Action Plan
- McLean County Mental Health Plan

Motion: That the Council approve the amendment to Chapter 39 – Taxation, Section 130 to increase the Home Rule Sales Tax and designate the disposition of the increase.

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Black				Alderman Mwilambwe			
Alderman Buragas				Alderman Painter			
Alderman Fruin				Alderman Sage			
Alderman Hauman				Alderman Schmidt			
Alderman Lower							
				Mayor Renner			