

Frequently Asked Questions

1. What is the non-home rule sales tax?

The non-home rule sales tax is a local sales tax that can be implemented by non-home rule communities if approved by voters. If approved in Flossmoor, it will add a 1% sales tax to purchases made within the Village on general merchandise. It is the equivalent of a penny on every dollar. For a \$10 purchase, the additional sales tax is equivalent to 10 cents. For a \$100 purchase, it is one dollar.

The sales tax does not apply to the sale of most food, prescription and non-prescription drugs, and medical appliances.

2. What does non-home rule mean?

In Illinois, most small communities under a population of 25,000 are non-home rule. This means, among other things, that they have limited power to implement new taxes and fees and are subject to tax caps. Whereas home rule communities can implement a local sales tax through a local ordinance (called a home-rule sales tax), non-home rule communities can only implement this tax if approved by voters. The Village is asking for the sales tax in compliance with its non-home rule status.

3. How much money will it generate?

The sales tax will generate approximately \$550,000 annually.

4. How much will this cost me?

- For every \$1, you will pay an additional penny.
- For every \$10, you will pay an additional ten cents.
- For every \$100, you will pay an additional \$1.

5. What will this add to a typical purchase?

The sales tax will add an additional 1% to the existing 9% sales tax, which is the base sales tax for any community in Cook County. Currently, when you purchase an item such as a new shirt in a store in Flossmoor, you pay 9% of the purchase in sales tax.

- A shirt that costs \$10.90 will now cost \$11.
- A video game that costs \$54.50 will now cost \$55.
- A TV that costs \$327 will now cost \$330.

6. Will this tax put our businesses at a disadvantage? Who else has a local sales tax?

No, this tax will not put our businesses at a disadvantage. Many communities throughout the state have a local sales tax including seventeen south suburban communities, whether home rule or non-home rule. Local south suburban communities include Olympia Fields, Tinley Park, Orland Park, Chicago Heights, Country Club Hills, Glenwood, Hazel Crest, and Park Forest to name a few. Homewood is considering a home rule sales tax and also has a 'places for eating tax' which is a 2% tax on food and beverages purchased in restaurants.

7. What is the Village's sales tax rate?

Currently, the sales tax rate in the Village is 9%, which is the minimum rate in any Cook County municipality. The Village currently receives 1% of all the sales tax generated in Flossmoor. The rest goes to the State of Illinois, the Regional Transportation Authority (RTA) and Cook County.

8. Why is the Village asking for the full 1% increase in sales tax?

The statute permits a non-home community to ask for up to a 1% sales tax increase in quarter increments (.25%, .50%, .75% and 1%). The Village is asking for the full amount for a couple of reasons. The first is that with a budgeted \$560,000 deficit in this fiscal year the Village needs the full projected \$550,000 this tax should bring. The second is that the Village is maximizing the economic benefit of the commercial development to help diversify our revenue base and alleviate the financial pressure on residents by sharing this tax with non-resident shoppers.

9. What can the Village use the money for?

Under current state law, local sales tax revenue can be used for operations and capital (infrastructure). The revenue will go into the General Fund, which will be used for police, fire, public works and other general personnel, as well as for programs like snow removal and sidewalk replacement.

Currently, this additional (non-home rule) sales tax is permitted to be used for general operations. The non-home rule sales tax had been, and may again be, restricted to being used for capital infrastructure per statute. If that were to happen, the revenue can be used for projects such as street rehabilitation and water main replacement.

10. Where do people come from who shop in Flossmoor?

When the Meijer project began, the market study commissioned by Meijer showed that the trade area for the Flossmoor store includes 50,686 households. Flossmoor has approximately 4,000 households, which means that the trade area includes approximately 47,000 households outside Flossmoor. Based on these numbers, 92% of the total tax revenue will come from non-resident shoppers. Of the estimated \$550,000 from this tax increase, approximately \$506,000 will be paid by non-residents.

11. Why is a sales tax increase necessary?

The sales tax is necessary for the Board to maintain services at the level they are provided today. Maintaining quality services is a top priority of this board. A goal of economic development is to alleviate the financial burden on resident taxpayers, and in order to do that, the revenue associated with commercial development needs to be maximized. Most other revenues are paid only by residents; sales tax allows the burden to be shared by non-residents who come to shop in Flossmoor.

The Village of Flossmoor provides services that residents depend upon, such as police, fire, public works and code enforcement. In addition, the Village is responsible for maintaining and rehabilitating infrastructure systems, such as streets, sidewalks, snow plowing, stormwater, water distribution, and sewers. While the cost of those services and infrastructure projects increase, many of the Village's revenue sources are flat or declining. This sales tax is one piece of a larger effort to address the situation, and it has the least amount of burden on residents compared to other taxes & fees such as a real estate property tax increase.

12. Didn't Meijer provide a boost of revenue?

Yes, Meijer is a benefit for Flossmoor. It has allowed the Village to reduce the spenddown of its reserves and has helped to plug a hole left by other flat or declining revenues. Even with Meijer property tax revenue, analysis shows that property tax revenue is relatively flat. Amongst other factors, declining property values overall in recent years have had a detrimental impact on property tax revenue, and therefore, new property like Meijer helps to replace those lost dollars. Sales tax has increased since Meijer opened, increasing by about \$325,000 for the partial year that Meijer was open. We anticipate sales tax to grow to approximately \$625,000 for the current year which is an increase from a pre-Meijer era where it averaged \$210,000 over the last ten years and peaked at \$250,000 in recent years.

Meijer has also led to some higher expenses for the Village, particularly in policing. In anticipation of an increased call volume attributable to Meijer, the Village undertook a staffing study which had not been done in recent history. The study showed the need for two additional officers inclusive of the current call volume and the anticipated Meijer call volume. The Village added two additional police officer positions in 2016. Prior to that, the Village had last added an officer in 2001.

13. What else is the Village doing to help maintain the quality of life in Flossmoor?

The sales tax is a part of a comprehensive approach to ensure Flossmoor's vitality for the future. A secure financial picture is the foundation for core Village services. The Village Board undertook a strategic planning process in summer of 2017 that outlined the Village's other priorities, including focusing on business attraction and retention, improving infrastructure, exploring additional code enforcement tools to maintain the Village's housing stock and maintaining a diverse, united and inclusive community.

14. Why does the Village need this now?

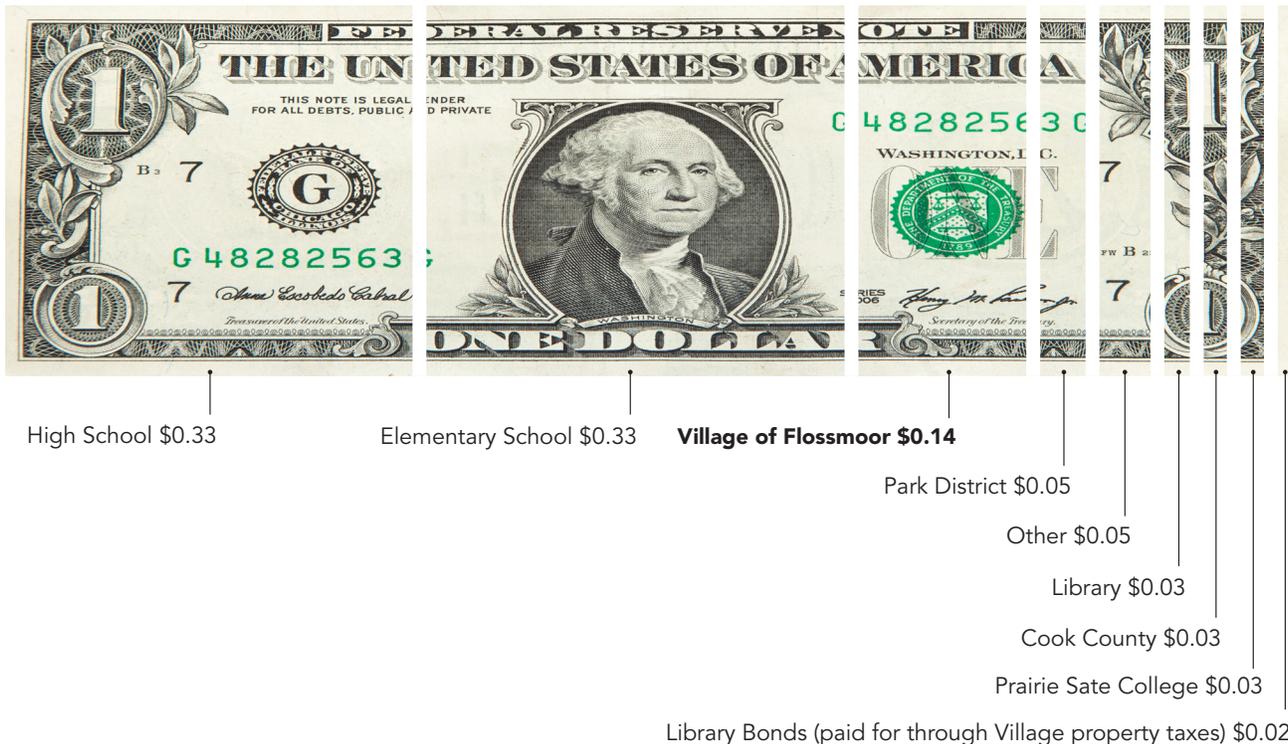
In 2016, the Village completed the most recent five-year financial analysis which showed that the Village will be unable to sustain its current operations by FY20. In the past, the Village had built up a reserve in the General Fund which could support operations and major capital purchases if revenues were to decline. The Village has, in fact, experienced those revenue declines and has carefully been using these reserves. If projections hold, and without additional revenue, it is anticipated that Village will spend down to its reserve policy levels by 2020 and the reserves will be completely exhausted by 2022.

15. What will happen if this doesn't pass?

Many of the services that have defined our community cannot be continued if the referendum does not pass, and in that case, the Village Board will need to give great consideration to specific service cuts as well as other revenues. Even if particular services are not eliminated, there will still be an incremental decrease in service in order for expenses to appropriately keep pace with revenues. The Village has operated for many years by providing its services at the lowest cost possible while still maintaining its high standards of quality. Therefore, reductions in service will not only include our “nice-to-have” services that define our quality of life in Flossmoor such as Flossmoor Fest and other community events, but will quickly include redefining our basic services.

16. I pay a lot in property taxes. Where does that money go?

The Village receives a small portion (approximately 14%) of the property taxes you pay. This means that, for every \$1,000 on a tax bill, the Village receives only \$140. The rest of the funds go to other local taxing bodies, including the school districts, library, park district and Cook County.



17. What about other revenues?

The Village's second largest revenue is a share of the State income tax, which the State has made multiple attempts to reduce or take back altogether with most recently a 10% reduction or a \$100,000 loss of revenue to Flossmoor. This is in addition to the loss of other State revenues such as the photo finishing tax and the personal property replacement tax among others. The State continues to threaten to take away more local revenues including additional income tax and the property tax freeze. Maximizing the income from economic development is prudent and will help to maintain the quality of life in Flossmoor.

18. What is the Village doing to control expenses if revenues aren't keeping up?

The Village has done several things to control expenses including:

1. Controlling the cost of employee health insurance using a 'defined contribution' cost sharing model and offering a high-deductible plan
2. Holding non-union salary increases to 0% this fiscal year
3. When savings can be achieved using consultants or contracting out. Examples include fire and emergency services, information technology, custodial services, legal services, some HR functions, some engineering, design and communications to name a few
4. Maximizing part-time employees where cost savings could be achieved
5. Delaying capital equipment replacements
6. Participating in cooperative purchasing and contracting, such as an agreement to share a reserve fire truck with Park Forest, a joint public safety dispatch center, continuing to participate in a cooperative risk management program, and introducing a job share for a communications manager with District 161

19. How can I more closely follow the Village's expenditures?

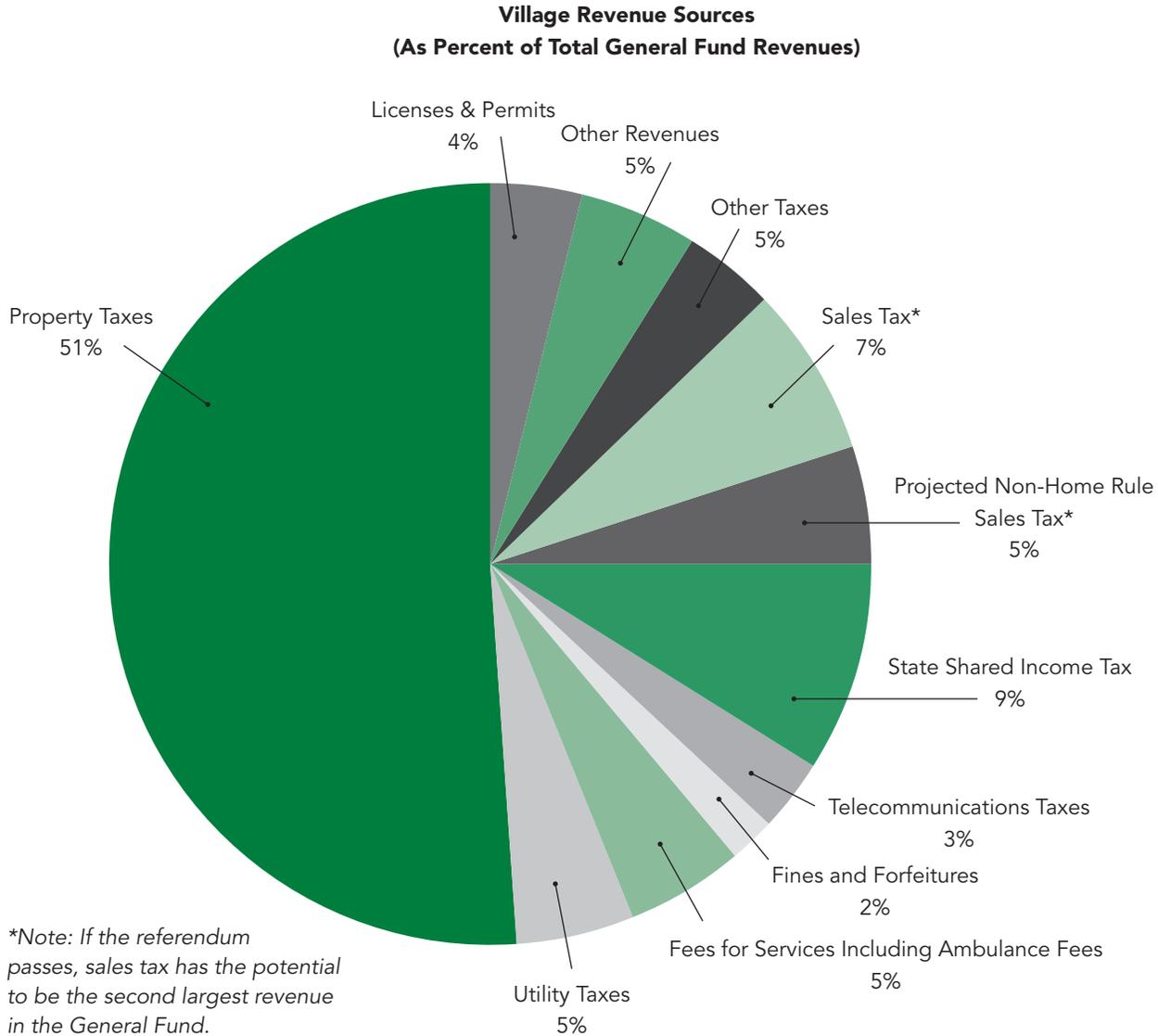
The Village has a very transparent budget process and detailed budget document, which includes a lengthy narrative of the use of funds. Variances in the amount of \$750 or more are reported on. The Village Board approves all payments to vendors at their regular Board meetings and this information is made public in the Village Board agenda packet on the Village website on the Friday prior to each Board meeting. Financial documents can be found at www.flossmoor.org.

20. Don't we have reserves that we can use to defray these additional costs?

The Village has a savings. A portion of that is held as a reserve and a large portion is allocated for capital projects so that the Village can use cash versus debt to save on project costs. The Village has used some of its savings to help in the in the short-term with the shortfall in revenue, but there is not enough savings to sustain that strategy long-term. If projections hold, and without additional revenue, it is anticipated that Village will spend down to its reserve policy levels by 2020 and the reserves will be completely exhausted by 2022. The remaining reserves need to be protected in case of a catastrophic event.

21. Where does the Village get its money?

The Village’s operations are primarily funded through a combination of taxes and fees. For the current fiscal year (FY18), the Village’s General Fund has revenues of \$9.62 million. The chart below shows how multiple revenue sources combine to fund Village services.



22. Has the village explored other new sources of funding besides the non-home rule sales tax?

Yes, the Village has a handful of other revenues it could consider including increasing vehicle sticker fees, a places for eating tax, a local utility tax on water, and an amusement tax. A local sales tax generates the most amount of revenue paid by non-resident shoppers, thereby sharing the financial burden with residents.

23. Are we giving the Village home rule power?

No, the Village is not seeking home rule power with this referendum. This referendum will only grant the Village authority to implement a local sales tax.

24. How does this compare to what Homewood is doing?

The Village of Homewood is asking its residents to approve home rule authority. The Village of Homewood has also stated that it will use home rule status to implement a home rule sales tax.

25. Where and when do residents vote?

The election will be held on Tuesday, March 20. If you are unsure of your polling place, you can get this information by calling (312) 603-0906 or by going online to www.voterinfonet.com.

26. Can I vote absentee or early at Flossmoor Village Hall?

Unfortunately, voters can no longer vote early or absentee at Village Hall. There are numerous locations to vote throughout Cook County, but the closest locations at which Flossmoor residents can vote are Brookdale Senior Living (Olympia Fields) and Matteson Village Hall. Additional information on the locations and hours of voting can be found at www.flossmoor.org. Please make sure that when you receive your ballot, you see the Flossmoor referendum question. Should you not see the question, please see the election judge immediately.

27. How can residents learn more about the referendum?

Besides the Village’s spring newsletter, updated information about the sales tax referendum is available online at www.flossmoor.org and on the Village’s government access TV channel (4). Additionally, prior to the election each household will be mailed a special edition of the Flossmoor newsletter. Also, all residents are invited to attend one of two special meetings to discuss the referendum which will take place at Flossmoor Village Hall on February 28 at 7:30 p.m. and March 3 at 9:00 a.m.

28. What is the referendum question as it appears on the ballot?

PROPOSITION TO IMPOSE A NON-HOME RULE MUNICIPAL RETAILERS’ OCCUPATION TAX AND
A NON-HOME RULE MUNICIPAL SERVICE OCCUPATION TAX

“Shall the Village of Flossmoor, Cook County, Illinois, impose a 1% Non-Home Rule Municipal Retailers’ Occupation Tax and a Non-Home Rule Municipal Service Occupation Tax (commonly known as local sales tax) for expenditure on Property Tax Relief, Public Infrastructure and Municipal Operations in accordance with the provisions of Sections 8-11-1.1 through 8-11-1.4 of the Illinois Municipal Code (65 ILCS 5/8-11-1.1 through 65 ILCS 5/8-11-1.4)?”	Yes	
	No	