



## City Council Agenda Memo

Crest Hill, IL

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**Meeting Date:** July 5, 2022

**Submitter:** Lisa Banovetz, Director of Finance  
Jim Marino, City Administrator

**Department:** Treasurer's Office

**Agenda Item:** Approval of Tobacco License Fee Increase

**Summary:** The City is looking for Council's approval to implement the Tobacco License Fee increase as presented at the June 27, 2022 workshop. Below is the summary of what was discussed at the meeting.

During the Fiscal Year 2022~2023 budget work sessions, revenue fee increases were discussed along with the implementation of new sources of revenue through the imposition of new taxes.

The City's recommendation is to increase the annual Tobacco License fee from \$250 per license to \$750 per license. Currently, the City has twenty (20) registered tobacco licenses. This fee increase would result in an annual revenue increase of \$10,000.

This fee increase is necessary to diversify the City's revenue sources and will provide the necessary funds for maintaining and enhancing services to the community. Just like any other business or municipality, the City's costs continually increase, and the City must sustain the revenue needed to cover these costs. The City must maintain reliable and stable sources of revenue to pay for unfunded mandates imposed on municipalities by the state legislature, such as body-worn cameras (estimated at \$300,000), and to offset other revenues that have and may continue to decline, such as the telecommunications tax (this revenue declined from \$435,000 in 2017 to \$269,000 in 2021). The City will incur an ongoing cost for equipment such as body-worn cameras because they will require maintenance, replacement and added staff time to manage the system. If the City does not generate the revenue needed to cover current and impending costs, its community will stagnate and will be forced to play catch up and impose even higher fees and taxes in the future.

Unlike home rule municipalities, the City is extremely limited in its ability to generate revenue. This places the City at a disadvantage to the twelve neighboring municipalities that are home rule. These other communities have more resources at their disposal than the City does to provide high quality and expanded services to its community.

These fees and taxes do not impact every resident across the board as does property taxes. They are discretionary and user-based fees that impact the individuals using the service, many of whom are not residents.

There is a need and desire to provide enriched services to the City's residents, improve their quality of life, and enhance the stature of the City. The only way to attain this vision is to generate the necessary revenue to do so.

**Recommended Council Action:** Approval of the Tobacco License fee increase as discussed at the June 27, 2022 workshop.

**Financial Impact:**

**Funding Source:** N/A

**Budgeted Amount:** For Fiscal Year 2022~2023, the City budgeted revenue of \$15,000 for Tobacco Licenses.

**Cost:** N/A

**Attachments:**