

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: September 26, 2023

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Amy Zukowski, Director of Finance

Topic: Budget Amendment – Ford of Homewood Sales Tax Sharing

PURPOSE

Approve a budget amendment request to pay Ford of Homewood the first sales tax sharing payment from the agreement approved at the February 22, 2022 Board meeting.

PROCESS

At the February 22, 2022 Board of Trustees meeting, the Village Board authorized entering into a sales tax sharing agreement with Ford of Homewood.

The sales tax sharing agreement establishes an incentive of \$1,000,000 payable over a 15-year period. Sales tax sharing is structured with 90% to Ford of Homewood and 10% to the Village in Years 1 and 2 – with a 10% proportional reduction to Ford of Homewood’s share every two years culminating with a 30% share to Ford of Homewood and 70% to the Village in Year 14 and 20% to Ford of Homewood and 80% to the Village in Year 15.

Base Sales Tax

As part of the sales tax sharing arrangement, the Village will continue to receive 100% of the amount of sales tax generated by the former Van Drunen Ford – described as “base sales tax.” After the Village receives an amount equal to the base sales tax, any remaining sales tax will be shared between the Village and Ford of Homewood – described as the “incentive.” To calculate the base sales tax amount, the Village averaged their portion of sales tax from the property, prior to Steve Phillipos’ acquisition of the property. The base sales tax amount is \$149,192 (three-year average for Van Drunen Ford from 2018 through 2020).

Incentive Paid with TIF Increment

As the Kedzie Avenue Gateway TIF district accumulates increment from this and other developments over the next few years, the Village will have the option to pay Ford of Homewood’s remaining incentive payments out of the property tax increment and not sales tax sharing.

VILLAGE OF HOMEWOOD



OUTCOME

Approval of the budget amendment will allow the Village to meet its obligation to Ford of Homewood for sales tax revenue sharing.

FINANCIAL IMPACT

- **Funding Source:** General Fund
- **Budgeted Amount:** \$0
- **Cost:** \$23,219

LEGAL REVIEW

Not Required

RECOMMENDED BOARD ACTION

Approve a budget amendment in the amount of \$23,219 to the General fund for the payment to Ford of Homewood for sales tax revenue sharing.

ATTACHMENT(S)

None