

VILLAGE OF HOMEWOOD



BOARD AGENDA MEMORANDUM

DATE OF MEETING: September 30, 2025

To: Village President and Board of Trustees

Through: Napoleon Haney, Village Manager

From: Amy Zukowski, Director of Finance

Topic: Grocery Tax Ordinance - Amendment

PURPOSE

On June 10, 2025, the Village Board approved an ordinance implementing a 1% municipal grocery sales tax. The tax will go into effect on January 1, 2026.

After filing the ordinance with the Illinois Department of Revenue (IDOR), the Village received notice from IDOR requesting a minor amendment to the ordinance. Staff is requesting the Village Board consider approving the amended 1% municipal grocery tax ordinance, as requested by the State.

PROCESS

On September 3, 2025, the Village received a letter from IDOR acknowledging receipt of the Village's ordinance MC-1088 imposing a Municipal Grocery Retailers' Occupation Tax and Municipal Grocery Service Occupation Tax at the rate of 1% effective January 1, 2026.

The Department of Revenue accepted the ordinance for purposes of meeting the filing deadline of October 1, 2025 for implementation on January 1, 2026; however, they requested that the Village amend or replace the ordinance to include language which will reference the specific section of the Homewood Municipal Codebook rather than referring to "... Section 2, above." The amendment is shown below by removal of the struckthrough language and replacement with the highlighted language.

Sec. 38-192. - Municipal Grocery Service Occupation Tax.

A tax is hereby imposed upon all persons engaged in this municipality in the business of making sales of service, who, as an incident to making those sales of service, transfer groceries as an incident to a sale of service. The rate of this tax ~~shall be the same rate identified in Section 2, above~~ **shall be the same rate identified in Chapter 38, Article VIII, Section 38-191**. The imposition of this tax is in accordance with and subject to the provisions of Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24).

VILLAGE OF HOMEWOOD



IDOR will collect, administer, and enforce the municipal grocery sales tax on behalf of Homewood to ensure a streamlined process for retailers, then remit the funds back to the Village.

OUTCOME

Approval of the amended ordinance will allow the Village to file the corrected ordinance with the Illinois Department of Revenue in order for the tax to be effective as of January 1, 2026, which will preserve critical General Fund revenues that support essential Village services.

FINANCIAL IMPACT

- **Funding Source:** N/A
- **Budgeted Amount:** N/A
- **Cost:** N/A

LEGAL REVIEW

Completed

RECOMMENDED BOARD ACTION

Pass an amended ordinance approving the implementation of a 1% municipal grocery retailers' occupation tax and a 1% municipal grocery service occupation tax effective January 1, 2026.

ATTACHMENT(S)

- Amended ordinance
- Letter from the Illinois Department of Revenue
- Current list of Illinois municipalities that have implemented a local grocery tax