

# 2025 .25% Non Home Rule Sales Tax Implementation

JEFF FIEGENSCHUH,  
CITY MANAGER





# History/Facts

---

- The 1% tax on groceries applies specifically to items that are meant to “be consumed off the premises where they are sold.”
- The tax had been suspended originally from 2022 to 2023 as part of a relief plan for residents battling inflation costs, but it resumed last summer.
- The tax is set to expire January 2026. State law now allows for a local tax, which can be implemented up to 1%.

# 2022-2024 Grocery Tax Revenues

---



2022-\$310,000



2023-\$317,000



2024-\$359,000



# 2021-2024 staff/programs partially funded by Grocery Tax

---

- **All General Fund Employees**

- PD new hires since 2021-12 FT officers, 2 FT dispatchers, 1 FT CSO/Code enforcement
- 3 FT FF/Paramedics
- 40% of admin services expenses reimbursed by GF this includes 1FT finance person.
- Equipment, ERP and EAM conversions and counter project. Total transfer from GF 2024-\$662,874

# General Fund Capital/Large Purchases

---

## General Fund Capital/Large Purchases

- 6 squad cars+ addition equipment
- Locker room renovations at PD & Dorm updates at FD
- HVAC upgrades at City Hall
- Buildings and Grounds improvements at City Hall
- GF related expenses at 1030 South 7<sup>th</sup> Building purchase and renovations.
- Laptops and equipment replacement for staff at PD, FD, PW, Engineering and City Hall
- All PW & code enforcement vehicles
- Zoning Code and Comprehensive Plan updates
- All legal fees not related to utilities and TIF
- Municode

# 2021-2024 Community Initiatives

---

Community  
Projects/Sponsorships

Façade Improvement  
Program-outside of TIF

Annual Fireworks

Spay/Neuter Program for Cats

Citizens Academy

Cinco K, Rochelle Basketball  
Club, Small Business Bingo,  
Chamber Annual Dues, Focus  
House, Senior Center,

Work Force  
Initiatives/Economic  
Development

Municipal Band Concerts

## Possible Options

Institute 1% local grocery tax as allowed by IL statute-this will hold the city neutral and allow us to continue operations without major cuts



Institute .25% increase in non-home rule tax. This will generate approx. \$500,000 annually, but by code revenues must go toward property tax reduction and/or infrastructure related expenses



Allow the tax to lapse in 2026, make targeted cuts to GF through attrition and program cuts & increase transfers from the Landfill Fund

# City Manager Recommendation

---

## ADOPT .25% NON HOME RULE SALES TAX

- Funds to be utilized for PW capital projects and staffing.
- Beginning 2025 city will maintain current property tax levy at \$.94 per \$100 valuation and will work to reduce it.
- Adopt in May 2025 goes into effect January 1, 2026. First collection March 2026.
- Last grocery tax collections March 2026.

## ESTIMATED REVENUES

2024 total \$1,455,625

\$.25% total estimate \$500,000

\$250,000 transfer to GF & \$250,000 transfer to CIP

7 of top 15 monthly sales tax generators are truck stops/gas stations. These businesses account for 20% of total sales tax receipts.



# Projects Funded

---

