

VILLAGE OF ROSCOE

AGENDA ITEM - STAFF REPORT



Agenda Item: Discussion of Grocery Tax Elimination and Local Implementation

Date: June 3, 2025

Meeting: Village Board

Prepared by: Josef Kurlinkus

Department: Administration

Overview/Background Information

As part of Public Act 103-0781, the State of Illinois has enacted legislation to eliminate the 1% statewide grocery sales tax effective January 1, 2026. This tax has historically been collected by the Illinois Department of Revenue and distributed entirely to local municipalities and counties, generating approximately \$325 million annually in revenue across the state.

For the Village of Roscoe, the anticipated revenue loss is approximately \$100,000 annually, which currently supports core municipal services. While the State's repeal was delayed until January 2026—partly due to advocacy efforts by the Illinois Municipal League (IML) and organizations such as the Northern Illinois Council of Governments (NorthCOG)—municipalities are now faced with the decision of whether to adopt a local grocery tax to prevent revenue shortfalls.

The legislation grants authority to both home rule and non-home rule municipalities to enact a 1% locally imposed grocery sales tax via ordinance, without referendum, to take effect as early as January 1, 2026, if the ordinance is filed with IDOR by October 1, 2025. Delayed implementation is also possible, provided ordinances are postmarked before April 1 or October 1 of a given year, with effective dates of July 1 or January 1, respectively.

In response, the other municipal members of the Northern Illinois Council of Governments (NorthCOG) are all placing this item on their agendas during the month of June, and it is expected that most will adopt an ordinance approving a local grocery tax in order to preserve this revenue stream.

Key Issues

- Whether the Village wishes to pursue adoption of a local 1% grocery sales tax to offset the projected \$100,000 annual loss in revenue.
- Potential impacts to core services and capital programs if the tax is not replaced.
- Timing and process for local ordinance adoption and filing (must be postmarked by October 1, 2025 for January 1, 2026 implementation).
- Public communication and outreach strategies for residents and local businesses.
- Regional alignment and consistency with other NorthCOG municipalities, most of whom are expected to move forward with adoption in June.

Fiscal Note/Budget Impact

- Projected annual revenue loss without a local tax: **\$100,000**.
- If a local tax is adopted timely, there will be **no lapse** in grocery tax revenue.
- If no action is taken, the grocery tax will be **automatically repealed** in Roscoe on **January 1, 2026**, and the Village will permanently lose this revenue stream.

Action Required/Recommendation

This item is presented for discussion only.