



Agenda Item Executive Summary

Item Name Grocery Tax Discussion Committee or Board Board

BUDGET IMPACT

Amount:	N/A	Budgeted:	N/A
List what fund:	N/A		

EXECUTIVE SUMMARY

Beginning January 1, 2026, the State of Illinois will repeal its 1% grocery sales tax, resulting in a projected annual revenue shortfall of \$120,000–\$150,000 for the Village of Winnebago. These funds currently support core municipal services including police, public works, and general administration.

To address this impact, the Village Board has evaluated options over several months. After initial discussions at the February 19, 2025 Committee of the Whole meeting and continued analysis by Village staff and Committee of the Whole Discussions, the Board has determined that reinstating the tax locally is necessary to maintain existing service levels.

The attached ordinance authorizes a 1% Municipal Grocery Retailers' Occupation Tax pursuant to Illinois Municipal Code Section 8-11-24. The tax will be administered and collected by the Illinois Department of Revenue and will take effect no earlier than January 1, 2026.

In conjunction with the tax implementation, the Village will also conduct a community survey to assess resident priorities and determine whether current service levels align with community expectations.

ATTACHMENTS (PLEASE LIST)

Staff Memo, Grocery Tax Ordinance

ACTION REQUESTED

- ☒ For Discussion Only
- ☐ Resolution
- ☒ Ordinance
- ☐ Motion:

MOTION:

Staff: Joseph Dienberg, Village Administrator Date: 5/7/2025