

Long Range Financial Planning
Village Workshop Meeting
August 4, 2009

Solutions and Strategies:
Enhanced and Alternative
Revenues



Long Range Financial Planning Calendar

<i>Date</i>	<i>Event/Activity</i>
May 19	General Fund Revenues, Expenses, Reserves and Projections
June 2	<ul style="list-style-type: none">•Tax Levy•Infrastructure and Facilities•Debt Capacity
July 7	Village Services Discussion, Solutions and Strategies
July 21	Solutions and Strategies
Aug. 4	Solutions and Strategies, Alternative Revenues
Aug. 18	Strategic Plan, TCD 3, Conclusions

Potential Revenue Enhancements

- Home Rule Sales Tax
- Natural Gas Use Tax
- Electricity Tax
- Hotel Tax
- Fees



Home Rule Sales Tax

- Current Rate: 0.75%
 - 0.50% allocated to Capital Projects Fund
 - 0.25% allocated to Stormwater Fund
- Source: Sale of general merchandise within Village, with certain exceptions
- Revenue Potential:

HRST Increase	New HRST Rate	HRST Generated From Increase
0.25%	1.00%	\$ 1,990,000



Home Rule Sales Tax

- Municipal Rate Comparison:

Municipality	Home Rule Sales Tax Rate
Lombard	1.00%, 2.00%*
Glen Ellyn	1.00%
Wheaton	1.00%
Downers Grove	0.75%
Elmhurst	0.75%
Carol Stream	0.50%
Naperville	0.00%

* 2.0% for Yorktown Mall



Natural Gas Use Tax

- Current Rate: \$0.015 per therm
 - 100% allocated to General Fund
- Maximum Rate: \$0.05 per therm
- Source: Natural Gas Consumption within Downers Grove
- Revenue Potential:

NGUT Increase	New Rate	Potential Revenue Enhancement
\$ 0.005	\$ 0.020	\$ 163,000
\$ 0.015	\$ 0.030	\$ 489,000
\$ 0.025	\$ 0.040	\$ 816,000



Natural Gas Use Tax

- Municipal Rate Comparison

Municipality	Natural Gas Use Tax Rate*
Lombard	5.00%
Naperville	\$ 0.040
Carol Stream	\$ 0.025
Glen Ellyn	\$ 0.020
Wheaton	\$ 0.020
Downers Grove	\$ 0.015
Elmhurst	\$ 0.015

*Lombard Charges on a Percentage Basis,
All Others Charge on a per Therm Basis



Electricity Tax

- Current rate: 3.5%
 - 100% allocated to General Fund
- Maximum rate: 5.0%
- Source: Electricity consumption within Downers Grove
- Revenue Potential:

Potential Rate Increase	New Rate	Projected Revenue Enhancement
0.50%	4.00%	\$276,000
1.00%	4.50%	\$551,498
1.50%	5.00%	\$826,996



Electricity Tax

- Municipal Rate Comparison:

Municipality	Electricity Tax Rate
Carol Stream	5.0%
Elmhurst	5.0%
Glen Ellyn	5.0%
Lombard	5.0%
Naperville	5.0%
Wheaton	4.0%
Downers Grove	3.5%



Hotel Tax

- Current Rate: 4.5%
 - Collected in General Fund, 50% to EDC, 8% to Community Grants
- Maximum Rate: N/A
- Source: Hotel stays within Downers Grove
- Revenue Potential:

Potential Rate Increase	New Rate	Projected Revenue Enhancement
0.50%	5.00%	\$ 85,000
1.00%	5.50%	\$ 170,000



Hotel Tax

- Municipal Rate Comparison:

Municipality	Hotel Tax Rate
Carol Stream	5.0%
Glen Ellyn	5.0%
Lombard	5.0%
Wheaton	5.0%
Downers Grove	4.5%
Naperville	4.4%
Elmhurst	4.0%



Fee Adjustments

Are being actively evaluated based on the following objectives:

- Simplification
- Competitiveness
- Cost recovery



Alternative Revenues

- Food and Beverage / Liquor Tax
- Vehicle Stickers
- Real Estate Transfer Tax



Food & Beverage / Liquor Tax

- Source: applies to prepared food & drinks purchased at qualifying establishments in the Village
- Revenue Potential:

Potential Tax Rate	Food and Bev Tax Projection	Liquor Tax Projection	Combined Total
0.50%	\$ 500,000	\$ 150,000	\$ 650,000
1.00%	\$ 1,000,000	\$ 300,000	\$ 1,300,000
1.50%	\$ 1,500,000	\$ 450,000	\$ 1,950,000



Food & Beverage / Liquor Tax

- Municipal Rate Comparison:

Municipality	Food and Beverage Tax Rates*
Naperville	1%, 2% in downtown
Elmhurst	1%
Lombard	1%
Carol Stream	0%
Glen Ellyn	0%
Wheaton	0%

*Food and Beverage Tax Applies to Liquor



Vehicle Stickers

- Source: Downers Grove residents that own and operate vehicles principally housed within the Village
- Revenue Potential:

Sticker Price	Annual Sticker Revenue
\$ 20	\$ 729,000
\$ 25	\$ 911,000
\$ 30	\$ 1,094,000
\$ 35	\$ 1,276,000
\$ 40	\$ 1,458,000



Vehicle Stickers

- Municipal Rate Comparison:

Municipality	Vehicle Sticker Price
Elmhurst	\$ 45
Glen Ellyn	\$ 25
Carol Stream	\$ 15
Lombard	\$ 15
Naperville	\$ -
Wheaton	\$ -



Real Estate Transfer Tax

- Source: Levied on the sale of residential or commercial property (requires referendum)
- Revenue Potential:

Real Estate Transfer Tax Amount per \$1,000	Projected Revenue Generated from Increase*
\$ 0.50	\$ 92,000
\$ 1.00	\$ 184,000
\$ 1.50	\$ 276,000
\$ 2.00	\$ 368,000
\$ 2.50	\$ 460,000
\$ 3.00	\$ 553,000

*Based on 2008 sales data



Real Estate Transfer Tax

- Municipal Rate Comparison

Municipality	Real Estate Transfer Rate*
Carol Stream	\$ 3.00
Glen Ellyn	\$ 3.00
Naperville	\$ 3.00
Wheaton	\$ 2.50
Elmhurst	\$ 1.50
Lombard	\$ -

*Per \$1,000 of Selling Price



Enhanced and Alternative Revenues Options

Available Revenues	Revenue Enhancement	Projected Revenue
Home Rule Sales Tax	0.75% to 1.00%	\$ 1,990,000
Natural Gas Use Tax	\$0.015 to \$0.30 per therm	\$ 490,000
Electricity Tax	3.5% to 5.0%	\$ 826,000
Hotel Tax	4.5% to 5.0%	\$ 85,000
Food and Bev Tax	0% to 1.00%	\$ 1,000,000
Liquor Tax	0% to 1.00%	\$ 300,000
Vehicle Stickers	\$0 to \$30	\$ 1,094,000
TOTAL		\$ 5,785,000



Long Range Financial Planning
Village Workshop Meeting
August 4, 2009

Solutions and Strategies:
Enhanced and Alternative
Revenues

