

## HOME RULE SALES TAX FREQUENTLY ASKED QUESTIONS AND ANSWERS

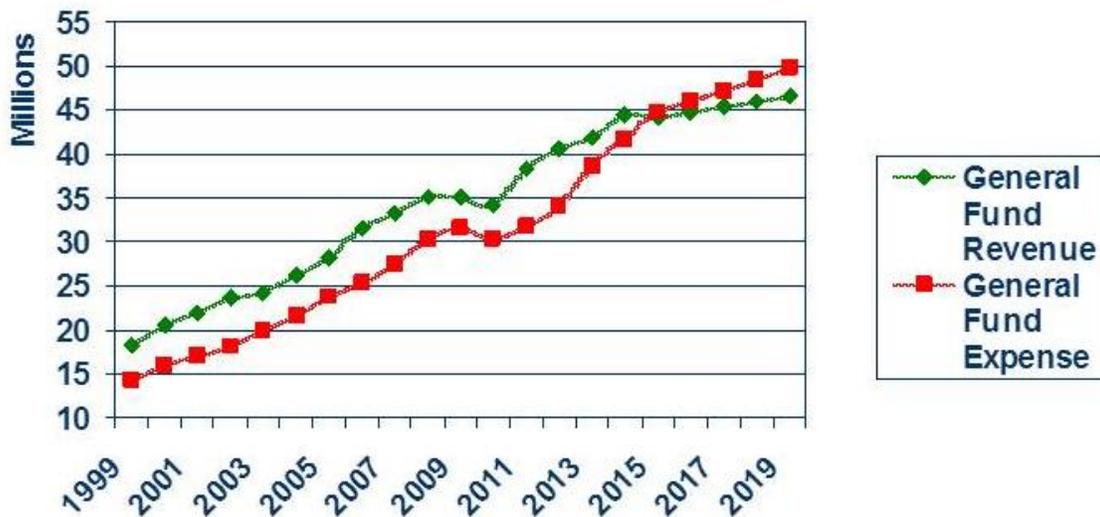
### 1. What is the purpose of the new sales tax?

The Village of Tinley Park is implementing a new 0.75% Home Rule Sales Tax as a way to help generate new revenue streams for the Village and rebalance its revenue portfolio while not compromising service quality in the coming years. This new tax will begin July 1, 2014.

### 2. Why does the Village need new revenue streams?

The Village always has taken a proactive approach to fiscal responsibility and constantly analyzes its finances to ensure future expenses stay level or below future revenues.

During a recent analysis it was projected that in the coming years, Village expenses would begin to overtake revenue streams, thus necessitating the need for additional income to help offset this shortfall.

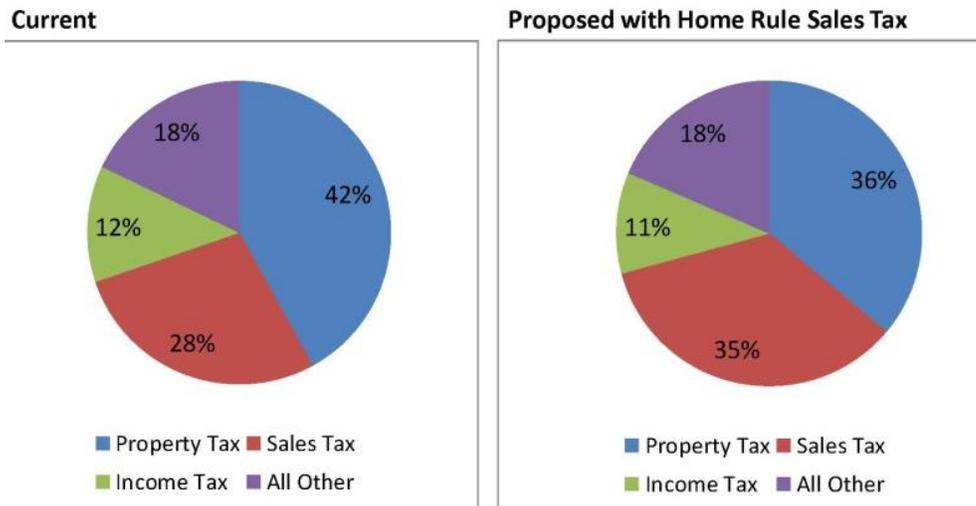


The Village had already enacted a number of measures to ensure the Village has remained financially responsible even during times of fiscal stress, such as freezing unfilled Village jobs, which freed up millions of dollars in annual personnel expenses.

As a result, the Village Board was presented with two primary options: either raise residents' property taxes, or create a new sales tax. The Village ultimately opted for the new Home Rule Sales Tax, as it felt this would help stabilize its portion of the

property tax base and help control the growth of the overall property tax burden on residents.

## Village of Tinley Park, Illinois Proposed General Fund Revenue Rebalancing



### **3. How much money will this new revenue stream generate for the Village? What specifically will the new revenue be used for?**

The new tax is expected to generate an additional \$5.4 million annually for the Village and will be used to help fund capital needs including Emerald Ash Borer removal and replacement; the Pavement Management Program (street and utility maintenance) and inflationary expense increases. It also will provide a safety net for an uncertain financial future for both the State of Illinois and Cook County, which would impact the Village.

### **3. Will Tinley Park residents have to shoulder the entire burden of the new tax?**

No. Roughly half of the additional revenue generated from this sales tax increase will come from residents, and the other half is expected to come from nonresidents who shop in Tinley Park.

### **4. Will the new tax be applied to all of the goods I purchase in town?**

No. The new Home Rule Sales Tax will not affect certain purchases. Items such as titled property (vehicles, mobile homes, etc.), general groceries and drugs would be

exempt. The new tax also will not apply to labor-related professional services such as doctors and lawyers.

**5. How is this new tax projected to impact a household's typical annual budget?**

Based on data from the Illinois Department of Revenue, each 0.25% tax would have an annual impact of \$41 on the average household in Tinley Park. With a Home Rule Sales Tax of 0.75%, this translates to a \$123 yearly impact on the average household.

**6. How will this new revenue stream impact property taxes?**

The Village's portion of the property tax bill is about 10 to 12%, depending on the location. In an effort to stabilize or potentially reduce the burden on property owners, the Village decided to generate new revenue through a sales tax and not by increasing property taxes. While property taxes will likely need to rise in the coming years, the new tax will help ensure the Village's portion of the property tax base remains stable.

**7. Won't people just start shopping in other communities?**

With the tax increase, the Village will remain competitive with surrounding communities' sales tax rates. Tinley Park's Home Rule Sales Tax percentage is comparable to those already implemented in surrounding communities.