

1% Sales Tax Referendum Q&A's

1. Question	If the 1% Sales Tax Referendum does not pass, what type of increases to existing taxes and fees can residents expect to make up for the shortfall?
Answer	The Village Board would have to raise existing taxes and fees to make up for the \$1 million-dollar shortfall should the referendum fail. While the exact mix still must be decided by the Village Board, preliminary discussion from the Board has indicated that there will be a migration to an annual vehicle sticker program with an annual fee of up to \$120 per year (compared to the current fee of \$96 for a 2-year sticker). Another option discussed is imposing capital charges on residents' water bills of up to \$15 per month (currently no fee exists).
2. Question	How do you plan on getting the information on the referendum to residents that were unable to attend the town hall meeting?
Answer	From an official standpoint as Mayor, Trustees, and staff, the Village must remain neutral on the referendum and communicate facts and information, along with the options available to the Village Board should the referendum fail. We have created a short informational presentation on the referendum, sent out information via our social media channels, and have included information on the referendum in our winter newsletter. All this information, along with a comprehensive capital project list can be found on our webpage devoted to the referendum at www.lemont.il.us/2019referendum .
3. Question	If part of the financial issue is the rising costs of employee pensions, why doesn't the Village restructure its pension plan and/or migrate employees to 401k programs like what has happened in the private sector?
Answer	The benefit levels and structure of the employee pensions are set at the state level and are subject to provision in the Illinois Constitution. As a result, the Village has no ability to alter the benefit levels or structure of the pensions. The state has implemented new benefit levels for newer employees that may help the Village long-term, but at this time the Village's pension contributions is outpacing our revenues.
4. Question	Is the Village able to raise more revenue by ensuring that all residents purchase a vehicle sticker?
Answer	The Village will be outsourcing the administration of our vehicle stickers beginning in 2019 which will allow for an annual program and access to a master list of vehicles in Lemont from the Illinois Secretary of State. Moving to this model will allow the Village to capture more vehicles in the program which will lead to more revenue. If the referendum passes, the Board will move to the annual sticker program, but reduce the amount for the sticker in order to reduce the burden on residents. If the referendum fails, the Village Board will increase the fee above the current rates and go to an annual program.
5. Question	Can you define the tax burden being 50% on non-Village residents if the referendum passes and how you estimated that number?
Answer	Fees such as property taxes, vehicle sticker fees, utility taxes, etc., are nearly 100% paid by Village residents and property owners. Sales tax, by contrast, are paid by residents as well as non-residents. Increasing the sales tax rate in town will bring in additional revenue from non-residents, which will in turn decrease the burden on Village residents. The Village estimated this number by looking at population within a ten-minute drive-time to Village commercial centers. Including Village residents, there are approximately 35,000 people within a ten-minute drive time that can reasonably be expected to shop at Village stores. 50% of these 35,000 residents are non-Village residents, which is how the Village calculated this estimate. Because the Village has certain industries where it's estimated that close to 100% of its sales comes from non-Village residents (i.e., industry along the canal), we believe the estimated percentage of sales being made by non-residents is much higher than the 50% estimate listed above.

6. Question	When did the million-dollar deficit begin?
Answer	The Village is required to pass a balanced budget each year. As a result, the Village has underfunded its infrastructure and/or capital equipment programs for the last several years in order to pass a balanced budget. It's estimated that the Village has been operating with a true deficit of one million dollars for the last several years due to this underfunding of our capital obligations.
7. Question	If the amount of sales tax paid by non-residents is merely an estimate, how do we know the increase in the sales tax rate will produce the amount necessary to plug the budget gap?
Answer	While the amount of sales tax paid by non-residents versus residents is an estimate, the Village knows more accurately how much we will raise in sales tax dollars based on reports we receive from the Illinois Department of Revenue. Based on the accuracy of these reports in the past, we are confident that the new sales tax will bring in a minimum of \$1.2 million dollars per year.
8. Question	If one of the main problems is the condition of our roads, why wouldn't the Village impose taxes and fees on the users and contributors of the damage to the roads, such as the trucks?
Answer	The Village is unable to impose fees or taxes on trucks due to its non-home rule status. Under home rule authority, the Village would have had the authority to impose taxes/fees on truck parking, diesel fuel, etc.
9. Question	With regards to the Village's initiatives on cost containment, has the Village evaluated outsourcing services to reduce personnel costs?
Answer	Our main cost drivers for personnel continue to be in the Police Department. While municipalities in other counties have seen success in outsourcing their police force to the county Sheriff, due to the resource constraints in the Cook County Sheriff's Department, this option is severely limited. The Village does outsource other services/functions such as permitting/inspections, information technology, engineering, legal services, police dispatch and others. The Village Board will continue to evaluate other potential areas of contracting and cost containment.
10. Question	If the referendum passes and the Village imposes the 1% sales tax, will there be a need in the future to raise taxes/fees again?
Answer	The Village will continue to feel the pressure of reductions in state shared revenue, rising pension costs, changing market conditions and other pressures. However, the sales tax increase is expected to be enough to fund the Village's capital obligations for the immediate future.
11. Question	There are two other questions on the ballot other than the 1% sales tax binding referendum. What are these questions about?
Answer	The two other questions that appear on the ballot are advisory only and meant to give the Village Board direction on the issue of dedicating resources towards infrastructure. If the binding referendum fails, the Village is looking for input on whether voters want dollars to be dedicated to infrastructure. The first advisory question deals with dedication of resources towards roads, alleys, paths and sidewalks. The second advisory question deals with dedication of resources towards investment in the Village's water and sewer systems.