

## PROPERTY TAX RELIEF THROUGH IMPOSITION OF A SALES TAX

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Effective January 1, 2003, the State Legislature amended section 8-11-1.1 et seq. of the Illinois Municipal Code; so as to grant non-home rule municipalities the authority to impose an additional sales tax. Public Act 92-739 amended section 8-11-1.1 et seq. to specifically authorize municipalities to impose an additional sales tax for purposes of affording property tax relief to its citizens. The Act defines "Property Tax Relief" as "action of a municipality to reduce the levy for real estate taxes or avoid an increase in the levy for real estate taxes that would otherwise have been required." With this amendment the State effectively gave municipalities a means of shifting a portion of the cost of providing a wide array of city services to its citizens such that the cost is paid by purchasers of goods and services within the city as opposed to those owning property within the city. As more and more pressure is brought to bear on cities to continue or increase available services, municipalities have sought ways to fund such services without placing the burden solely on its citizens through increased property taxes.

Prior to the amendment, municipalities were authorized to impose an additional sales tax only for purposes of funding "public infrastructure" improvements such as roads and streets, sidewalks, waste disposal systems, water and sewer line extensions, water distribution systems and sewage treatment facilities. As such, the authority had limited practical application.

The tax imposed may not be more than one half of one percent and may be imposed only in one fourth percent increments. Moreover, the tax may not be imposed on the sale of food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription drugs, medical appliances and insulin.

However, a municipality may only impose the tax after referendum. The referendum is initiated by the corporate authorities certifying the question as to whether the municipality shall impose such a tax to the election authority in accordance with the Illinois Election Code. If a majority of the voters in the municipality vote to authorize the imposition of the sales tax, such tax must be imposed by ordinance approved by the corporate authorities.

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