



TOWN OF CORTLAND

Volume 25 No. 2

Incorporated 1865

March/April 2011

Administration
(815)756-9041

Fax Number
(815) 756-4583

Office of the Clerk
(815)756-3030

Police (Non Emergency)
(815)756-2558

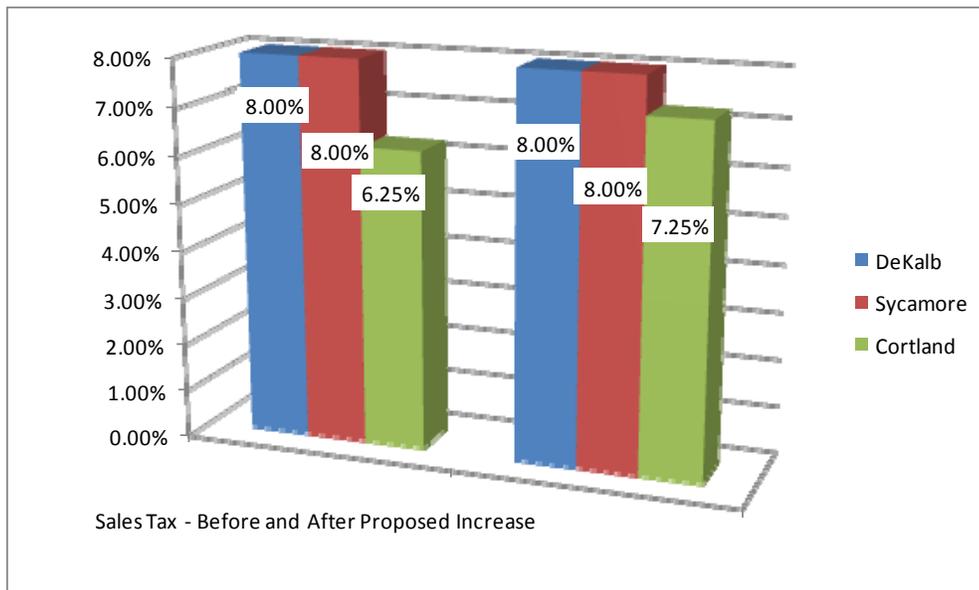
Website
www.cortlandil.org

Quick Facts for Cortland Residents on the Non-Home Rule Sales Tax Referendum

The proposed Non-Home Rule Sales Tax would:

- Add one percent (1%) to retail sales taxes on general merchandise purchased in Cortland;
- Raise approximately \$180,000 in new revenue for Cortland;
- Add 10¢ to \$10 worth of Cortland shopping (general merchandise);
- Does not apply to the purchase of drugs, groceries, and titled/registered vehicles, e.g. cars, trucks, boats, trailers, campers.

Sales Tax on General Merchandise



**Please vote on April 5,
and please cast your vote on the
1% Non-Home Rule Sales Tax Referendum!**

Non-Home Rule Sales Tax Referendum

Where do you spend your money? Cortland? DeKalb? Sycamore? The Fox Valley? Every dollar you spend that includes sales tax helps to fund the municipal government of the city, village, or town where that money is spent. Taxable purchases in the Town of Cortland provide money for the general funds of the Town; likewise, taxable purchases made in the City of DeKalb or Sycamore or any other municipality add to those municipal funds.

How does sales tax work? Every purchase of general merchandise, titled and registered vehicles, and grocery-type foods is taxed. Groceries and certain medical merchandise (qualifying food and drugs) are taxed at 1% of the purchase price; general merchandise and titled/registered vehicles are taxed at a minimum rate 6.25% in the State of Illinois and that is the rate currently charged in the Town of Cortland. Municipalities automatically receive 1% of the purchase price of these items, while other portions of the sales tax support the County and the State. If you spend \$100 on taxable merchandise in the Town of Cortland, the Town receives \$1 in sales tax revenues. Although grocery-type foods are always taxed at 1% and titled/registered vehicles are always taxed at 6.25%, the general sales tax rate can be increased by the municipality on other taxable general merchandise. Sales of taxable general merchandise include sales taxes of 8% in the City of DeKalb and 8% in the City of Sycamore; restaurant taxes are even higher (10% in DeKalb and 10% in Sycamore) due to the Restaurant, Bar, & Package Liquor tax in those municipalities, and the purchase of gasoline in both of our neighboring municipalities includes an additional two cents per gallon in gas tax. Sales tax in Cortland is still at 6.25%.

Where does Cortland's sales tax revenue come from? Cortland has 5 major businesses that provide sales tax revenues to the Town: Casey's, Mobil, Bob's Outboard Marine, Holiday Hour, and Alexander Lumber. There are many other businesses that also have taxable sales, and sales tax revenues from the purchases made with any of these businesses helps fund the Town of Cortland's government activities. Sales tax revenues that help fund the Town of Cortland come from all purchases of taxable merchandise in the Town, whether the purchase is made by a resident or a non-resident.

Why is there going to be a referendum to increase the sales tax in Cortland from 6.25% to 7.25%? Municipalities like Cortland can increase the sales tax rate of general merchandise on purchases made within their legal boundaries. DeKalb and Sycamore have already increased their sales tax rates. The Town of Cortland is asking Cortland voters to consider a 1% Non-Home Rule Sales Tax, which would bring Cortland's sales tax rate to 7.25%, still less than that in the cities of DeKalb and Sycamore. The increased rate would apply on purchases of general merchandise only (not grocery items and titled/registered vehicles). Sales tax revenue is currently the 2nd largest single source of revenue for the Town of Cortland (after property taxes), about \$300,000 annually from purchases made within the Town which comes from the 1% municipal tax currently in place. If the referendum is approved by the voters, the additional revenues to the Town from sales tax would not double our revenues but would rather provide about \$180,000 per year, since the tax would apply only to the sale of general merchandise and not the sale of titled/registered vehicles and grocery-type foods.

Does Cortland need a sales tax increase? The Town of Cortland is experiencing rising operating and capital costs that are outpacing flat or declining revenue. Although the Town is constantly reviewing its cost structure and seeking ways to increase its limited sources of revenue, the Board of Trustees has determined that additional revenue is needed to maintain the quality of its present level of services and maintain its infrastructure.

There are many projects in Cortland that have been delayed because of lack of funds, including drainage work, road repair work. Additional funds could be raised by property taxes, but the “tax cap” in effect in DeKalb County limits the increase in property tax to the cost of living or 5%, whichever is less, unless there is a referendum approved by the voters to provide an increase; this “cap” results in the tax rate for property tax actually decreasing over the years. Additional funds could be raised by “user fees” such as increased sewer and water fees, higher costs for building permits or parking tickets, or creating new fees such as animal licenses or vehicle stickers; however, these sources of revenue raise funds primarily from our residents, while sales tax applies to all taxable purchases made in Town, and is applied to purchases made by non-residents. If everyone who travels through Cortland, whether they live in Town or not, purchased a tank of gas in Cortland, our sales tax revenues could increase dramatically. However, not everyone needs a tank of gas every time they drive through Cortland, and even our residents do not purchase their gas exclusively in Cortland. Increasing the municipal revenues from each purchase of general merchandise (including gas) made in Cortland will increase our revenues.

When would the sales tax increase take effect? The earliest date the increase could be effective would be October 1, 2011.

What will happen to the price of gasoline if the sales tax increase is approved? Although we have no control over how merchants set their prices, it seems likely that the price of gasoline in Cortland will continue to be the same as that charged in DeKalb and Sycamore. The taxes paid on a gallon of gasoline in those municipalities are currently considerably higher than the taxes in Cortland are (or would be even with the increase).

What happens if the referendum is not approved by the voters? Many necessary and desirable projects would be deferred or scrapped and the Town would need to do without some services unless alternative funding sources are located.

Quick Facts for the Non-Home Rule Sales Tax Referendum

The proposed Non-Home Rule Sales Tax would:

- Add one percent (1%) to retail sales taxes on general merchandise purchased in Cortland;
- Raise approximately \$180,000 in new revenue for Cortland;
- Add 10¢ to \$10 worth of Cortland shopping (general merchandise);
- Not apply to the purchase of drugs, groceries, and titled/registered vehicles, e.g. cars, trucks, boats, trailers, campers.

**Voters on April 5
will decide the question of adding a
1% Non-Home Rule Sales Tax
to certain taxable purchases in Cortland.
Please be an informed voter!**



**Town of Cortland
59. S. Somonauk
P.O. Box 519
Cortland, IL 60112**

Presorted
Standard U.S.
Postage Paid
Cortland, IL
60112-0519
Permit No. 1

**Resident of
Cortland, IL 60112**