



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item number: IIA2

Title:

Motion to Approve an Ordinance Amending the Alcohol Tax Rate to 3% for the City of St. Charles

Presenter:

Chris Minick, Finance Director

Meeting: City Council

Date: August 6, 2018

Proposed Cost: \$-0-

Budgeted Amount: \$ N/A

Not Budgeted:

Executive Summary *(if not budgeted please explain):*

Consistent with direction from the June 18 Government Operations Committee, attached is an ordinance to amend the City's tax on alcoholic beverages purchased in the City of St. Charles. The direction from the GOC was to have staff prepare an ordinance for consideration that would increase the amount of the tax to 3%. Currently the tax on alcoholic beverages is applied at a 2% rate.

Proceeds from the Alcohol Tax are credited to the General Fund and these proceeds finance the general governmental operations, capital, and debt expenditures of the City. Currently the proceeds from the Alcohol Tax approximate \$1.2 million annually (FY 2018-2019 budgeted amount). It is anticipated that the increase would provide approximately \$600,000 in additional revenue annually. The impact to the Fiscal Year 2019-2020 budget is anticipated to total \$400,000 if the tax is effective September 1, 2018, as provided in the draft ordinance.

Subsequent to the 6/18/18 GOC, staff sent a survey to several local communities requesting various information related to whether those communities impose their own alcohol tax. The results of the survey will be summarized at the July 16 GOC.

This item was presented at the July 16, 2018 Government Operations Committee meeting where it passed with a vote of Ayes: 7; Nays: 1; Abstain: 1.

Attachments *(please list):*

Community Survey Results
Proposed Ordinance

Recommendation/Suggested Action *(briefly explain):*

Motion to Approve an Ordinance Amending the Alcohol Tax Rate to 3% for the City of St. Charles

City of St Charles
Food and Beverage and Hotel Tax Rates
July 16, 2018

Municipality	Beverage Tax Rate		Prepared Food Tax Rate	Hotel Tax Rate
	Package Goods	Immediate Consumption		
Addison	0%	0%	0%	5%
Arlington Heights	1.25%	1.25%	1.25%	0%
Aurora	2.75%	1.75%	1.75%	3%
Barrington	0%	0%	0%	0%
Bartlett	0%	0%	0%	0%
Batavia	2%	2%	0%	3%
Bloomington	0%	0%	0%	5%
Buffalo Grove	1%	1%	1%	6%
Carol Stream	0%	0%	0%	5%
Downers Grove	1%	1%	1%	4.50%
Elgin	3%	3%	0%	8%
Elk Grove Village	1%	1%	1%	6%
Elmhurst	1%	1%	1%	4%
Geneva	0%	0%	0%	5%
Glen Ellyn	0%	0%	0%	5%
Hanover Park	3%	3%	3%	3%
Hoffman Estates	5%	2%	2%	6%
Itasca	0%	1%	1%	5%
Lisle	0%	0%	0%	5%
Lombard	0%	0%	0%	5%
Naperville	0%	*	*	5.50%
North Aurora	0%	0%	0%	3%
Oak Brook	0%	0%	0%	3%
Oakbrook Terrace	0%	0%	0%	6%
Oswego	0%	1%	1%	3%
Palatine	1%	1%	1%	5%
Plainfield	0%	0%	0%	5%
Rolling Meadows	2%	2%	2%	8%
Rosemont	0%	1%	1%	7%
Schaumburg	2%	2%	2%	8%
South Elgin	0%	0%	0%	3%
Warrenville	0%	0%	0%	5%
West Dundee	1%	1%	1%	0%
Wheaton	0%	0%	0%	5%
St Charles	2%	2%	0%	5%

** Naperville's Food and Beverage Tax = 1.75% Downtown and 1% elsewhere within the City limits

Community has a different rate for alcohol sold for immediate consumption as compared to package sales
Community has alcoholic beverage tax only, no prepared food tax

City of St. Charles, Illinois
Ordinance No. 2018-M-__

**An Ordinance Amending Title 3, “Revenue and Finance”, Chapter 3.42
“Alcohol Tax”, Section 3.42.030 “Imposition of Tax” of the St. Charles
Municipal Code**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ST. CHARLES,
KANE AND DUPAGE COUNTIES, ILLINOIS AS FOLLOWS:

Section 1. That Title 3, “Revenue and Finance”, Chapter 3.42 “Alcohol Tax”, Section 3.42.030 Imposition of Tax” of the St. Charles Municipal Code be and is hereby amended with the following language:

3.42.030 Imposition of Tax.

- A. There is levied and imposed upon the privilege of purchasing alcoholic liquor served or prepared at a liquor establishment in the city, a tax of three percent (3%) of the purchase price, exclusive of any other tax imposed on such alcoholic liquor.
- B. There is levied and imposed upon the privilege of purchasing alcoholic liquor in original packages only for consumption off the premises at retail at any liquor establishment in the city, a tax of three percent (3%) of the purchase price, exclusive of any other tax imposed on such alcoholic liquor at retail.
- C. There is levied and imposed a tax of three percent (3%) upon the admission price or ticket price to any Event at which alcoholic liquor is served and the price said alcoholic liquor is included in the admission and/or ticket price to the event, exclusive of any other tax imposed on such alcoholic liquor. In the event that tickets, punch cards, or similar methods are utilized to allow or to limit purchase of alcoholic beverages, the tax of three percent (3%) shall apply to the price of the ticket(s) or punch card(s) issued. The Finance Director of the City shall make the determination of the applicability of the tax imposed by this section.

Section 2. That after the adoption and approval hereof, this Ordinance shall (i) be printed or published in book or pamphlet form, published by the authority of the City Council of the City of St. Charles.

Section 3. That this Ordinance shall be in full force and effect as of September 1, 2018, approval and publication as provided by law.

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PRESENTED to the City Council of the City of St. Charles, Illinois this ____ day
of _____, 2018.

PASSED by the City Council of the City of St. Charles, Illinois the ____ day of
_____, 2018.

APPROVED by the Mayor of the City of St. Charles, Illinois this ____ day of
_____, 2018.

Mayor Raymond P. Rogina

ATTEST:

City Clerk

COUNCIL VOTE:

Ayes:

Nays:

Abstain:

Absent:

APPROVED AS TO FORM:

City Attorney

DATE: _____