

## Food and Beverage Tax - Frequently Asked Questions

**Question:** What is the tax?

**Answer:** The Village of Glen Ellyn Food and Beverage Tax is a 1.5% tax on the purchase price of prepared food, alcoholic and non-alcoholic drinks that have been prepared for immediate consumption, and on alcoholic beverages sold in original container for consumption off premises.

**Question:** When would this tax take effect?

**Answer:** The new tax is effective March 1, 2019.

**Question:** What transactions are exempt from the Food and Beverage Tax?

**Answer:** Products, except alcohol, that are prepared off-site in packages ready for retail sale and not for immediate consumption. Examples of products that are **exempt** from the Food and Beverage Tax include, but are not limited to:

- Common grocery items such as bread, milk, produce, eggs, soda and frozen foods that are in their original packaging and not prepared for immediate consumption.
- Items sold by a non-profit group (provided a copy of the group's sales tax exemption letter issued by the Illinois Department of Revenue is filed with the Village of Glen Ellyn). May include: Government entities, hospitals, nursing homes and medical treatment facilities.

**Question:** Why is there a need for a new food and beverage tax?

**Answer:** A new capital revenue source is needed to sustain a strong capital plan which helps make Glen Ellyn a vibrant community. Capital revenue sources are in decline and to sustain the existing capital plan and fund additional capital projects, a new revenue source is needed. Continuous investment in capital, especially in the downtown helps attract and retain businesses. In addition, a more vibrant downtown strengthens the Village's commercial corridors and attracts visitors and new residents to the community.

**Question:** What projects would the new tax be allocated towards?

**Answer:** The new food and beverage tax would provide capital funding for the Village. Major projects on the horizon include a parking garage at the Village's Civic Center, Central Business District street and streetscape rehabilitation, train station and pedestrian tunnel, and Village facility improvements. In addition, access improvements to the Baker Hill Shopping Center and other possible improvements on Roosevelt Road are under consideration. Potential future projects may also include a second parking garage on the north side of the tracks and bike accessibility improvements throughout the Village. All of these projects are underfunded and unscheduled. Without this new revenue, the Village would be unable to complete these projects

and maintain the current capital plan that has sustained the overall street program effectively for decades.

**Question:** Would any of the funds generated from this new tax be allocated to the Village's operating expenses?

**Answer:** No. All revenue generated by the food and beverage tax would go directly to the capital fund.

**Question:** How much would the new food and beverage tax generate on an annual basis?

**Answer:** A 1.5% food and beverage tax is expected to generate an estimated \$825 to \$1.2M annually.

**Question:** Why opt to implement a food and beverage tax over other revenue sources?

**Answer:** After discussing several possible funding options, the Board considered this to be the best option to fund these capital projects. This type of tax would not increase the property tax burden to the Village's residents and other property owners. The tax is also borne by both residents and non-residents, both who use Village streets, the downtown and Village services. It is estimated that more than 50 percent of the food and beverage tax revenue would be generated by non-residents.

**Question:** What other communities impose a Food and Beverage Tax?

**Answer:** Several municipalities with vibrant restaurant communities charge a food and beverage or places for eating tax, including Elmhurst (1%), Lombard (2%), Schaumburg (2%), Naperville (2% in the downtown, 1% everywhere else), Downers Grove (1%), Hinsdale (1%), Skokie (2%), among others. These communities continue to attract new restaurants.

**Question:** The Village has a Tax Increment Financing (TIF) District in the Central Business District. Why is that not providing the funding for these downtown projects?

**Answer:** The downtown TIF fund is still in its infancy and is only generating \$200,000 annually. This covers the cost of the downtown interior, façade, and fire awards, but does not leave much additional funding for the larger downtown projects on the horizon. As the increment grows, it may be possible to allocate more TIF money to downtown capital projects.

**Question:** How long would this tax be in effect?

**Answer:** This tax would be in effect through the life of the bonds (estimated 20 years). A "sunset" provision is included in the ordinance.

**Question:** Where can I get more information on the Food and Beverage Tax?

**Answer:** Individuals desiring more information on this tax may contact the Village at 630.547.5219 or by email at [finance@glenellyninfo.org](mailto:finance@glenellyninfo.org).