

City of Princeton  
0.25% Sales Tax Referendum  
for City Streets



*City of*  
**PRINCETON**  
ILLINOIS

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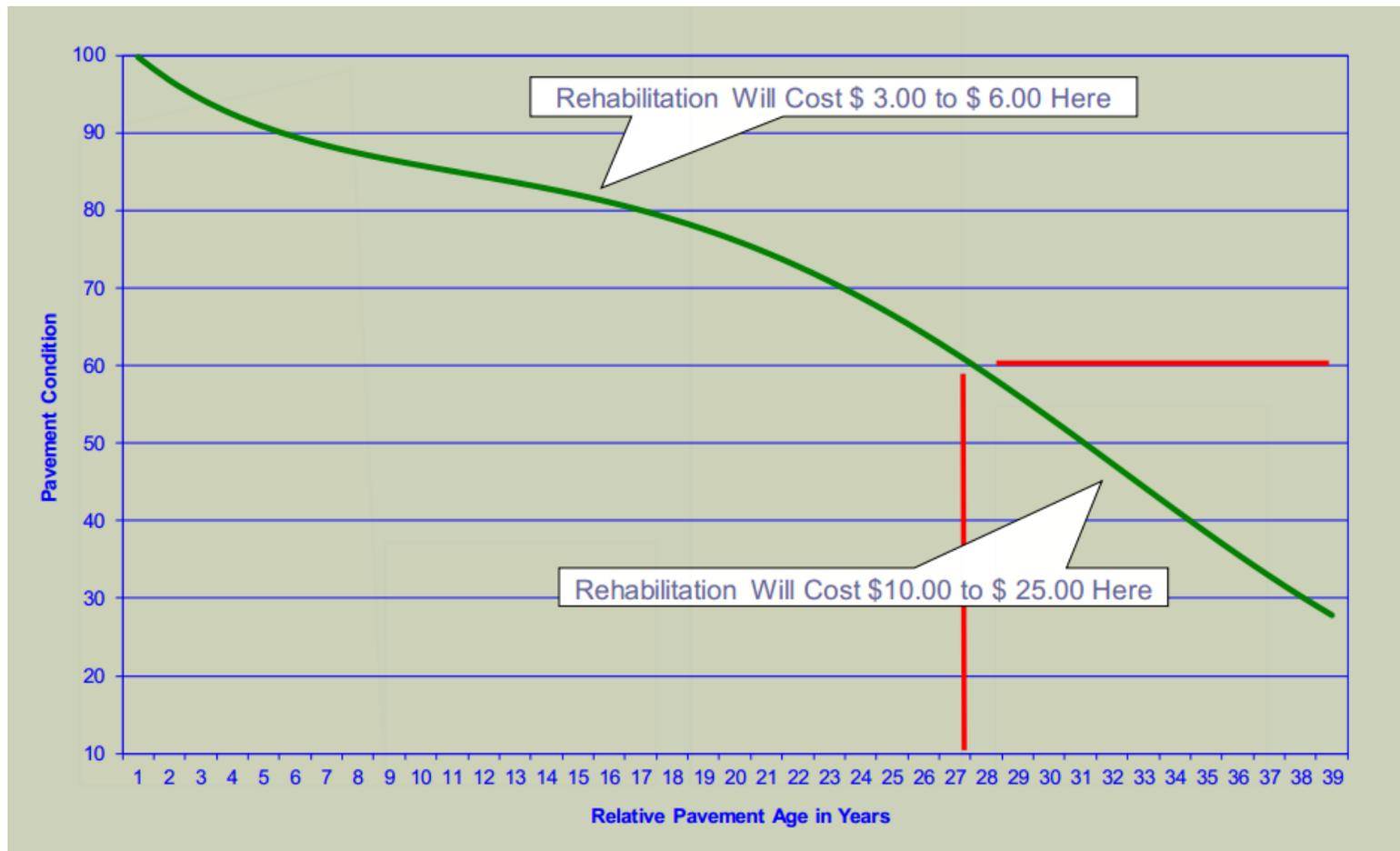


# Current Road Condition Summary

- 59.3 miles of roadways to maintain.
- The City currently has a significant number of roads in poor or very poor condition.
- The cost of road maintenance increases dramatically when roads are allowed to deteriorate beyond fair condition.
- A large portion of the city's road network was installed 20+ years ago.
  - Road surface typically lasts about 20 years, meaning this large section of the City road network is now due for rehab.

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# Typical Pavement Deterioration Curve



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# Motor Fuel Tax (MFT) Funds

- MFT revenue is calculated based on **gallons sold**.
- As the price of gas goes up and down the MFT amount remains constant.
- Regardless of whether or not you are paying \$20.00 per gallon or \$4.00 per gallon, the Road Fund is receiving the same amount of funding from the MFT.
- Combined state and federal gas taxes equals approximately 37.4 cents per gallon. This includes state (19 cents) and federal (18.4 cents) and in addition there is a 2.5 cents per gallon on diesel fuel.
- A portion of the MFT collected by the State of Illinois is then distributed on a per-capita (population) basis to counties and municipalities.
- Its use is restricted to uses for maintenance of roads and bridges.

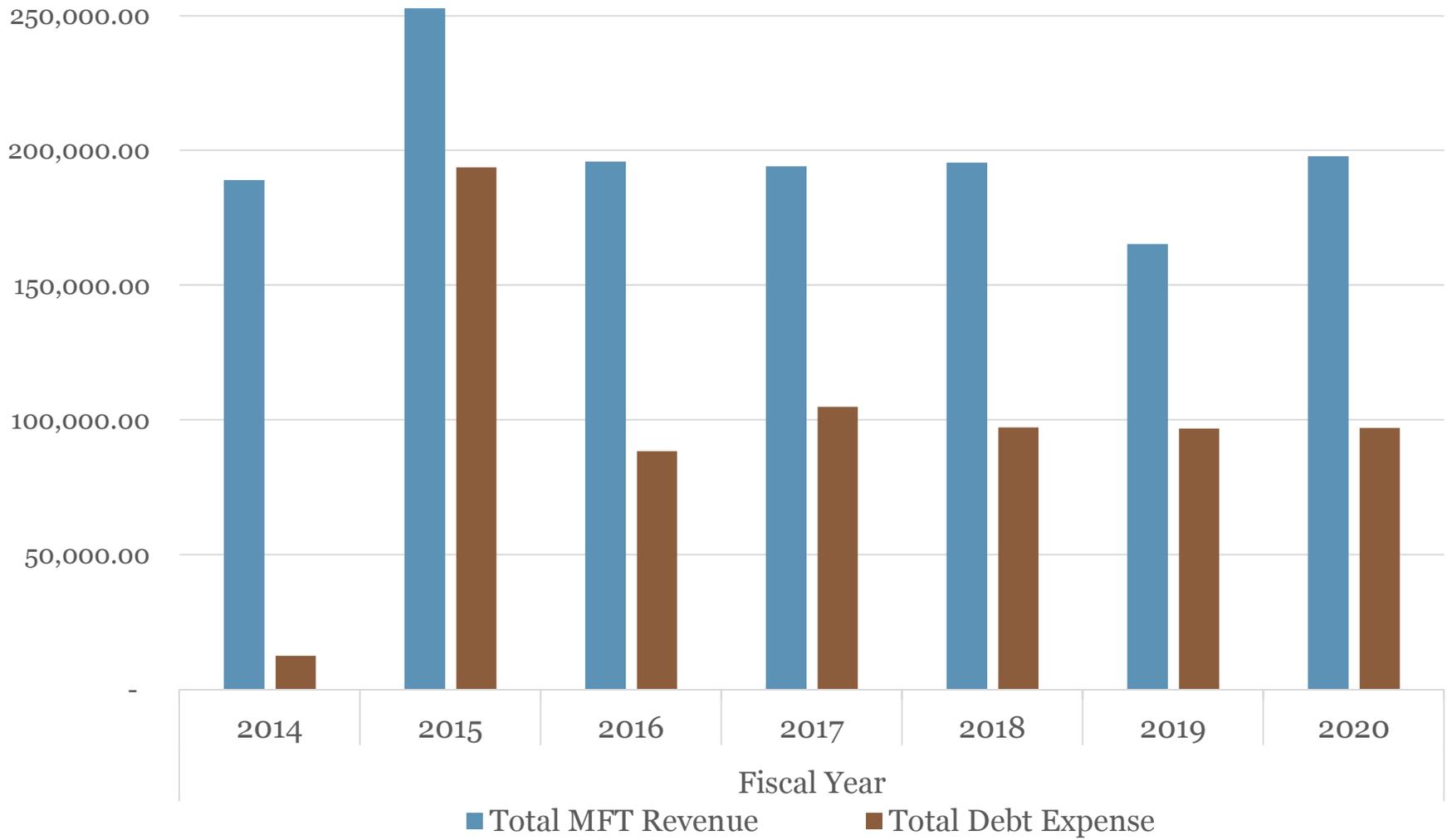
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# Motor Fuel Tax

- City receives around \$180-190k annually.
- In 2009 the city took out debt to fix roads – that debt is being paid out of MFT funds– until 2020.
- Recently the city issued debt to complete the Euclid Ave. Rebuild out of the MFT fund for around the same amount starting in 2021.
- Regular street maintenance, i.e. salt, supplies, etc. can also be taken out of MFT.

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### MFT Fund - Debt Expense to Revenue



# Past Street Expenses

- Over the last three years the City has tried to be more aggressive in completing street repairs – the city has rehabilitated 14,816 feet of roadways at a cost of \$794,315.
- This is approximately \$57/foot or \$302,405/mile.
- To repair all 59.3 miles of city roadway assuming the current amount of \$302,405 it would cost the city \$18.144 million.
- If the city continues to only spend \$200-\$300k/year on roadways the city will be on a 90 year replacement cycle! Yikes!

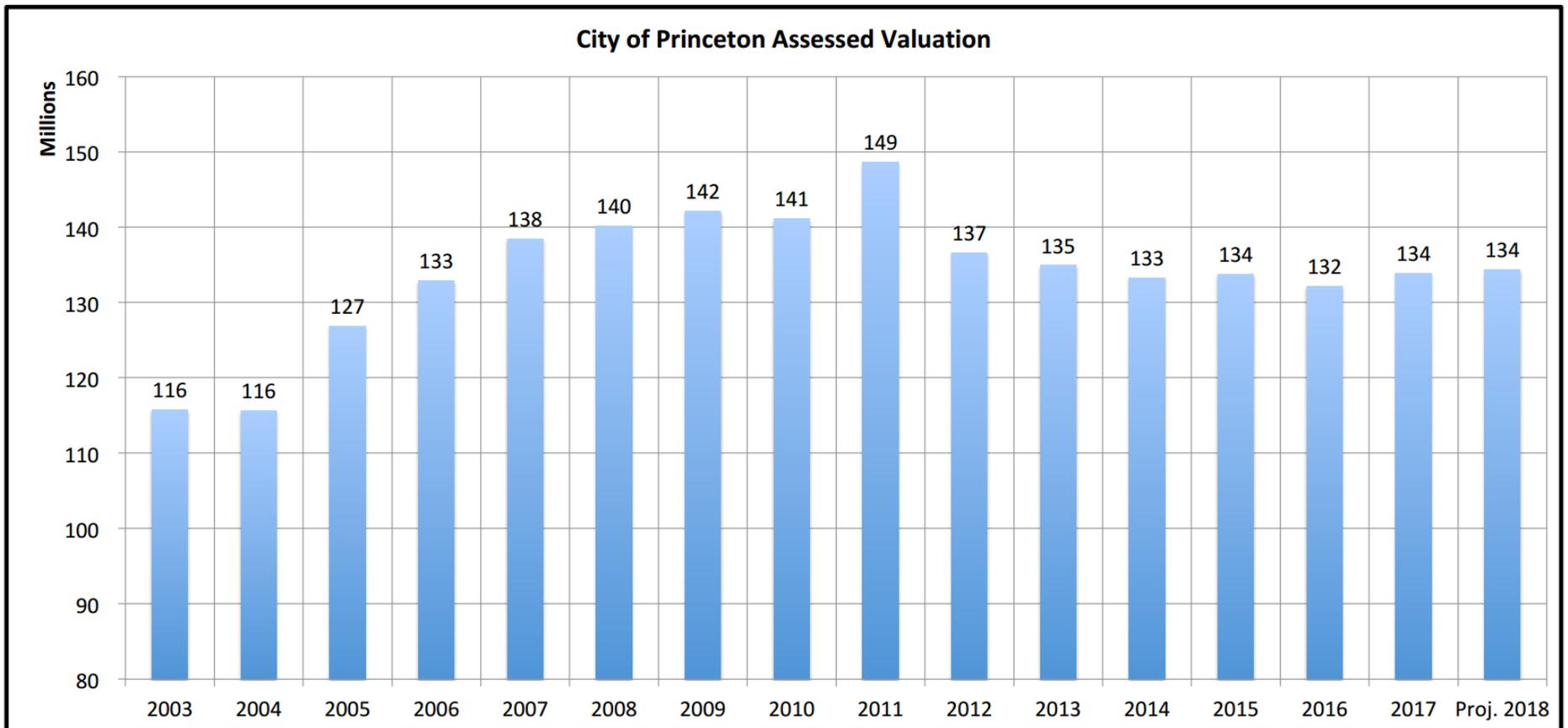
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# General Fund

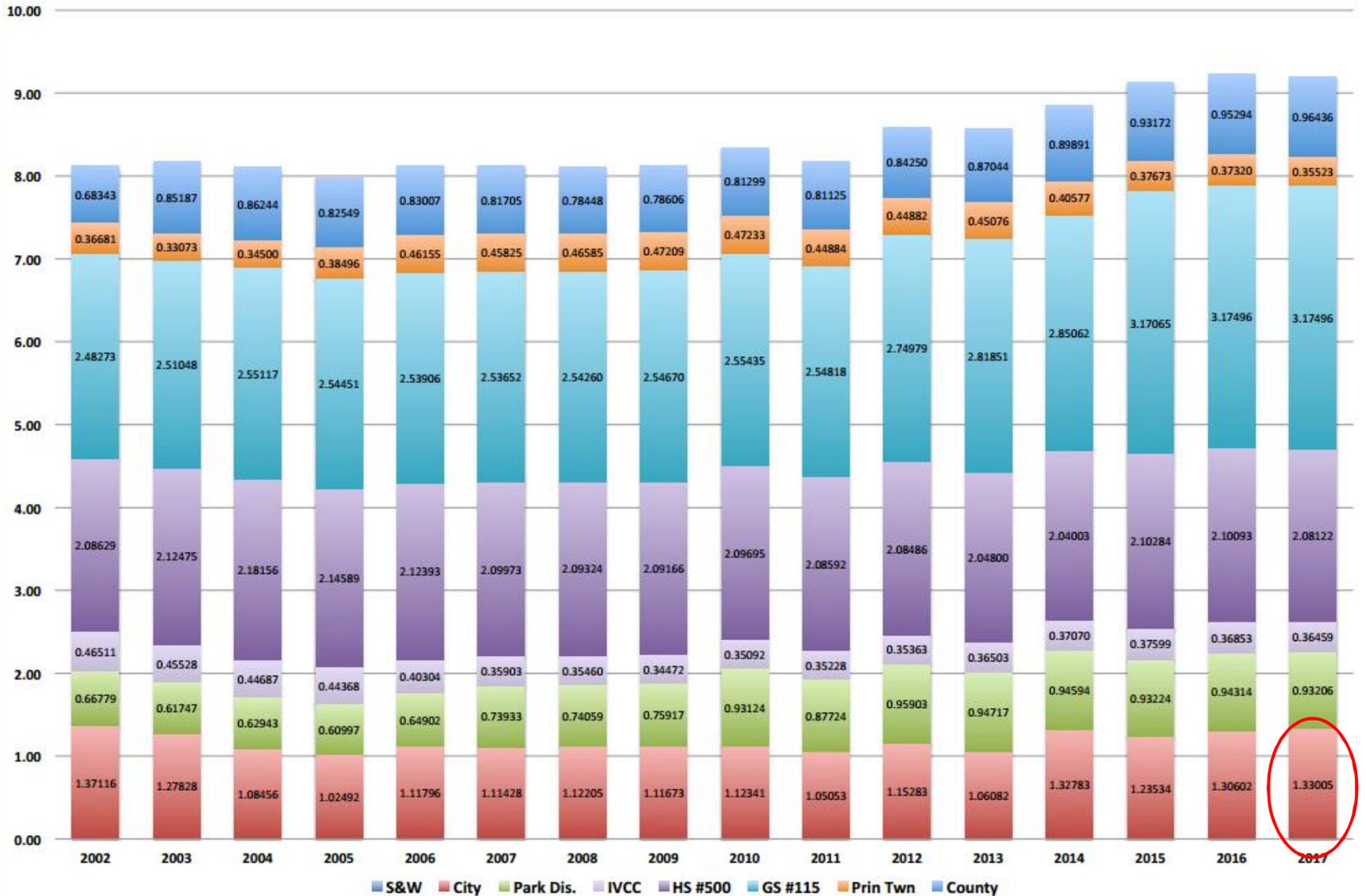
- Why can't the city's general fund pay for this?
  - General Fund covers Police, Fire, Street and Administration Budget.
  - As expenses continue to rise general fund revenue has stayed stagnant or declined (telecommunication tax, property tax, local share of income tax, sales tax admin fee, etc.)
  - The City has continued to try to cut expenses: losing employees through attrition, joint purchasing, phone/revenue audits, RFPs, landfill engineer, selling transfer station, insurance consortium, etc.

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# Equalized Assessed Valuation



Bureau County Property Tax Rates



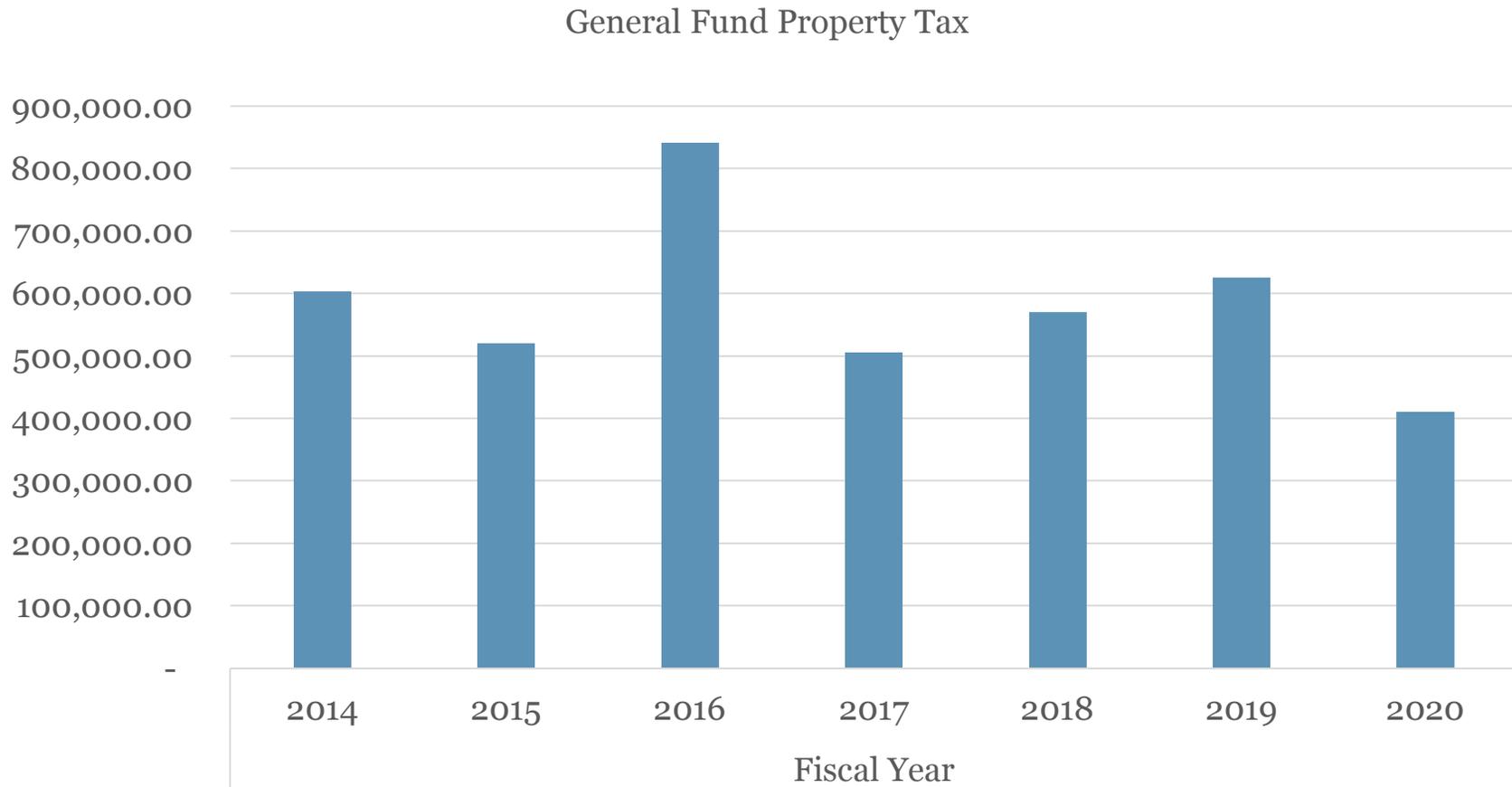


# General Fund

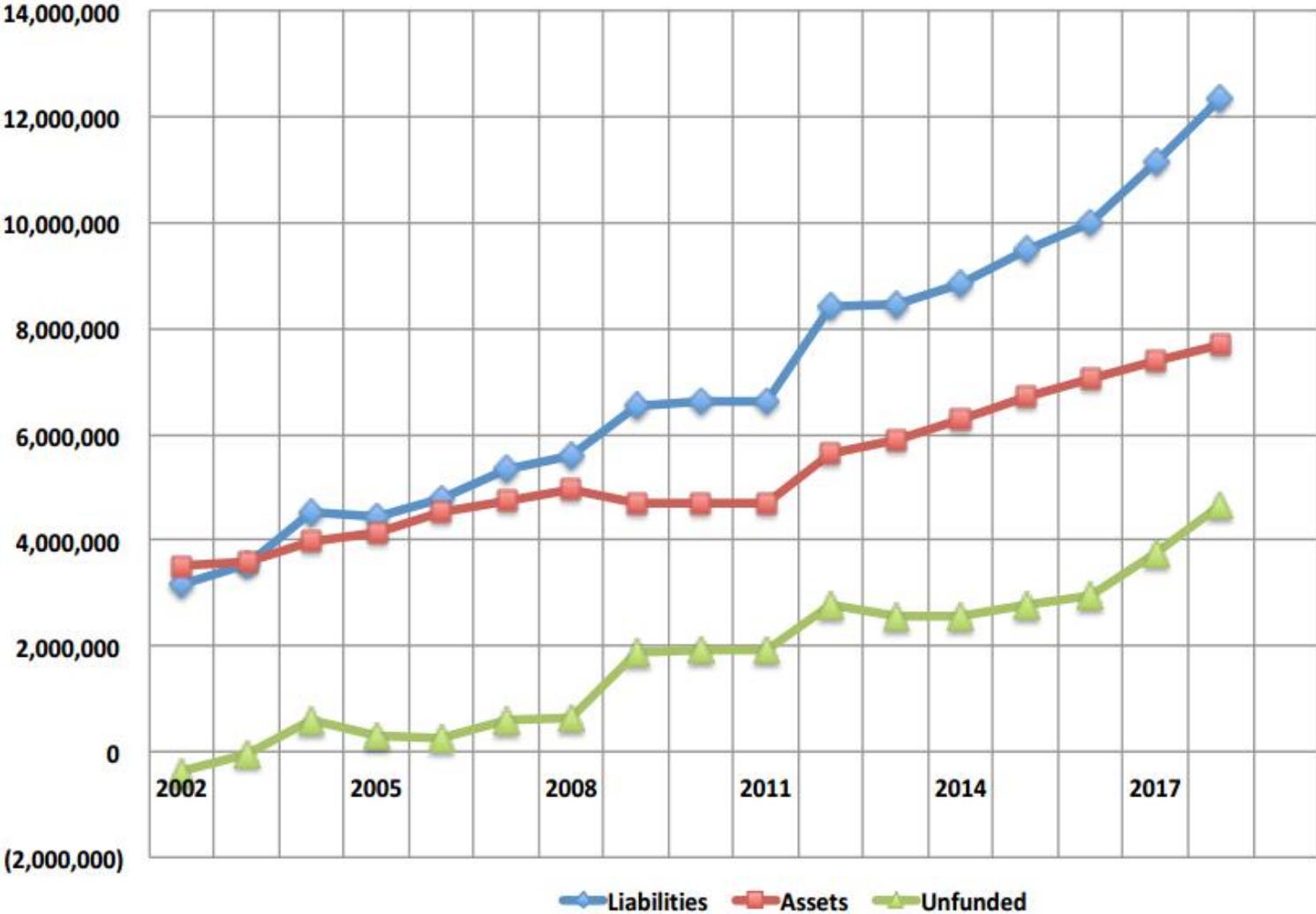
- Over 75% of the city's tax levy go towards Police and Fire Pension costs.
- The 2018 Levy (FY2020 Budget) keeps the tax levy the same but the amount towards to the pensions increase almost \$200k – leaving less funds in the general fund for other operations and street repairs.

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# General Fund - Property Tax

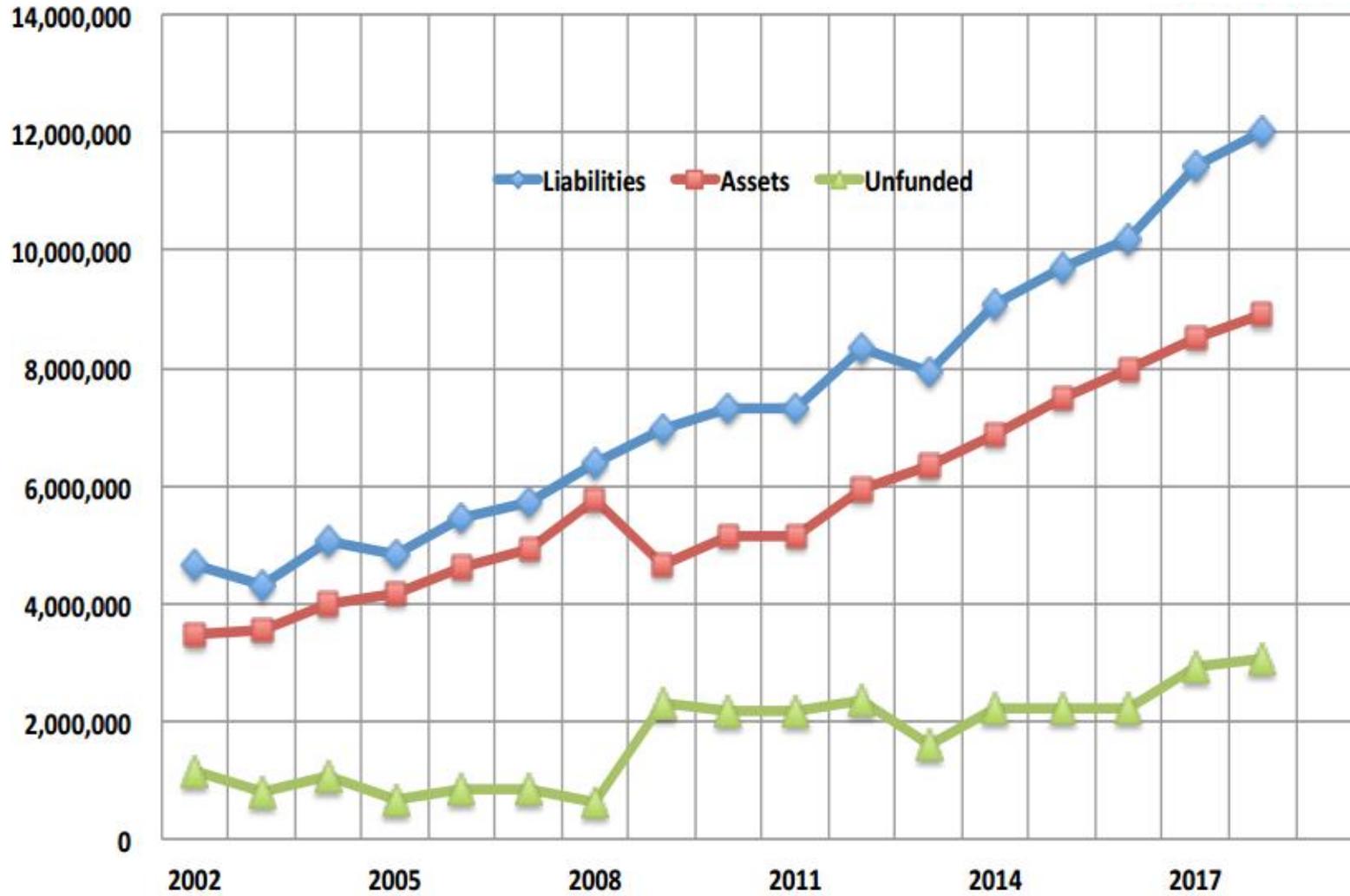


# Firemen Fund Assets & Liabilities



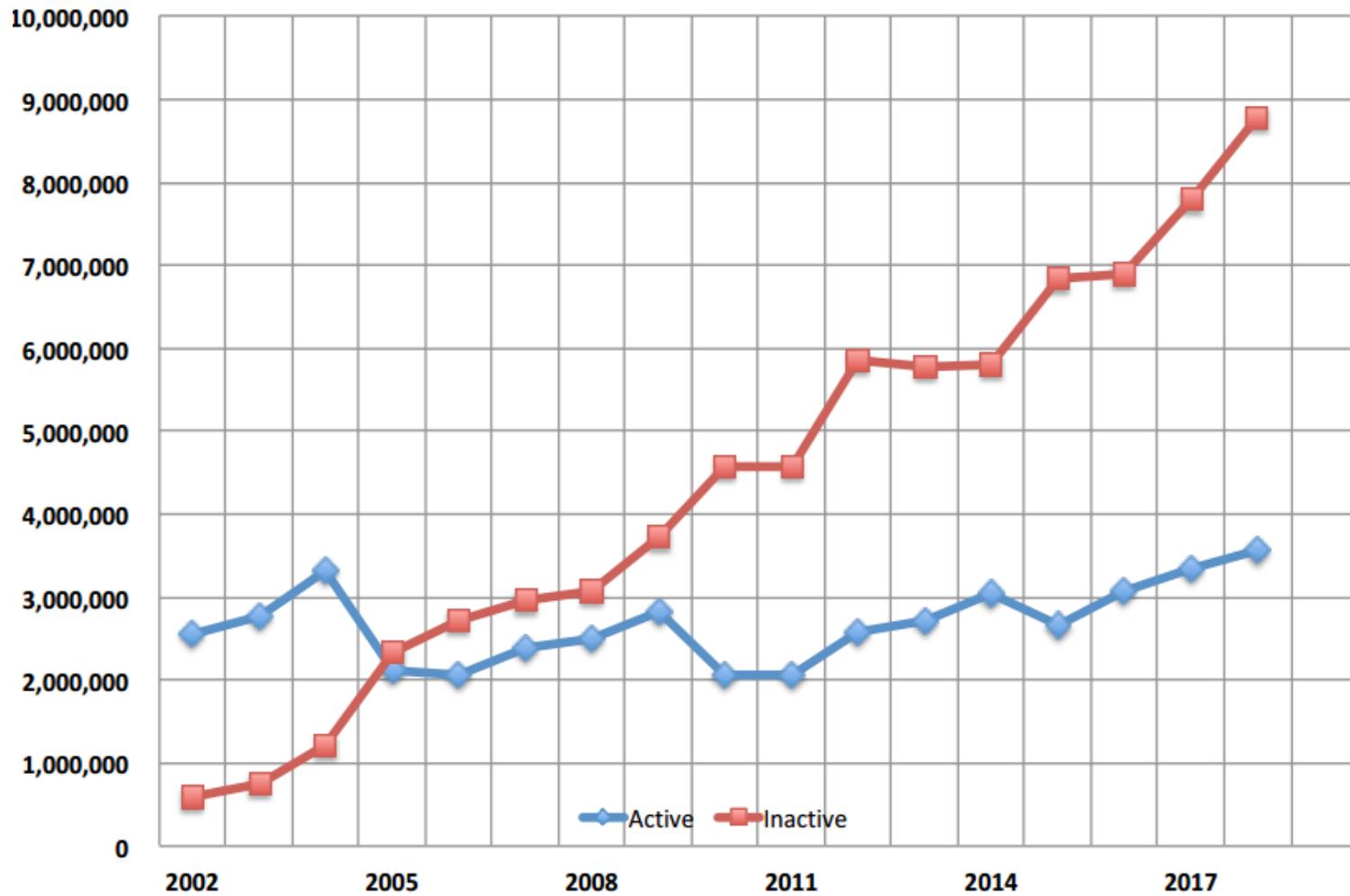
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## Police Fund Assets & Liabilities



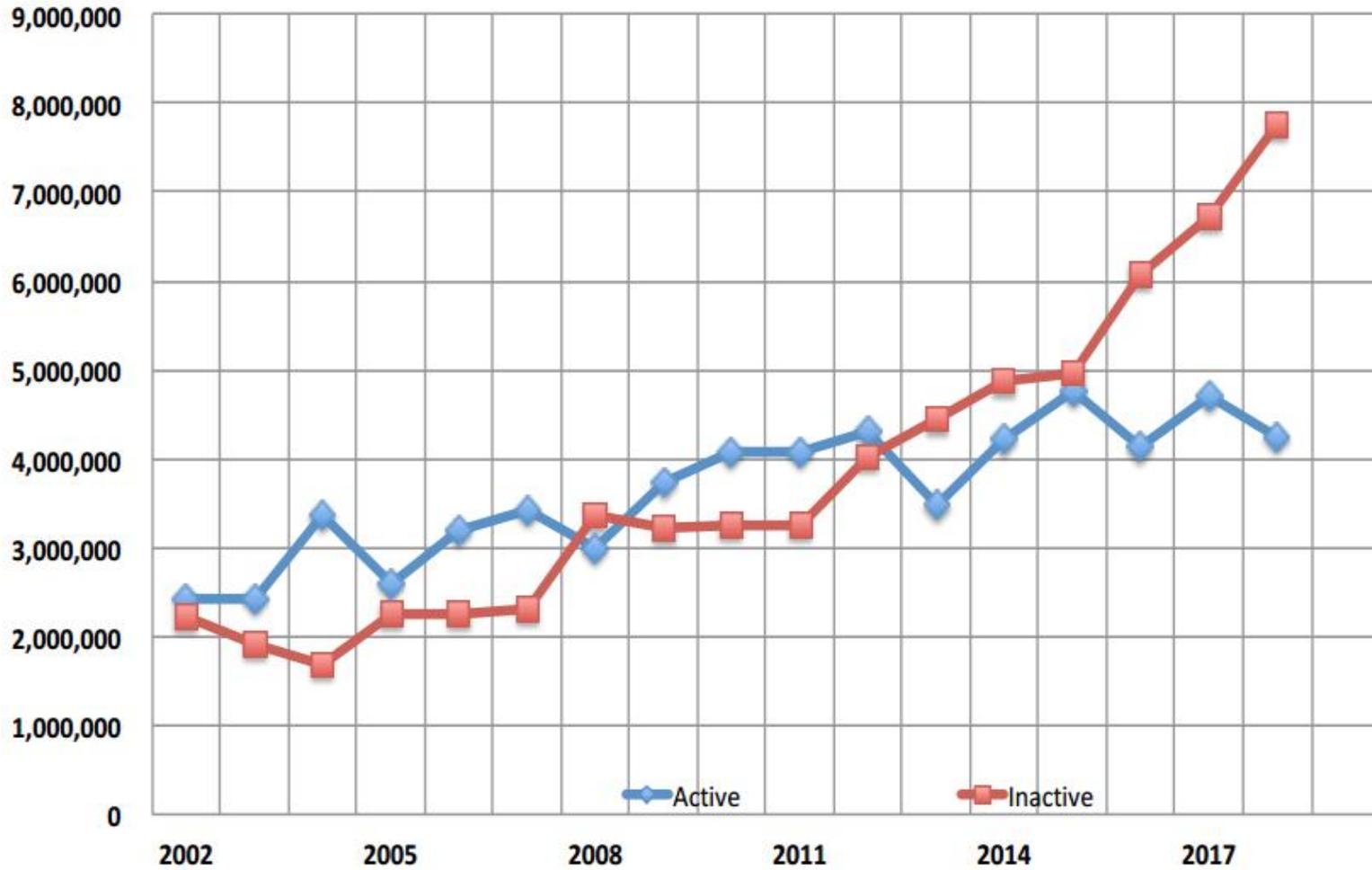
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## Firemen Fund Liabilities



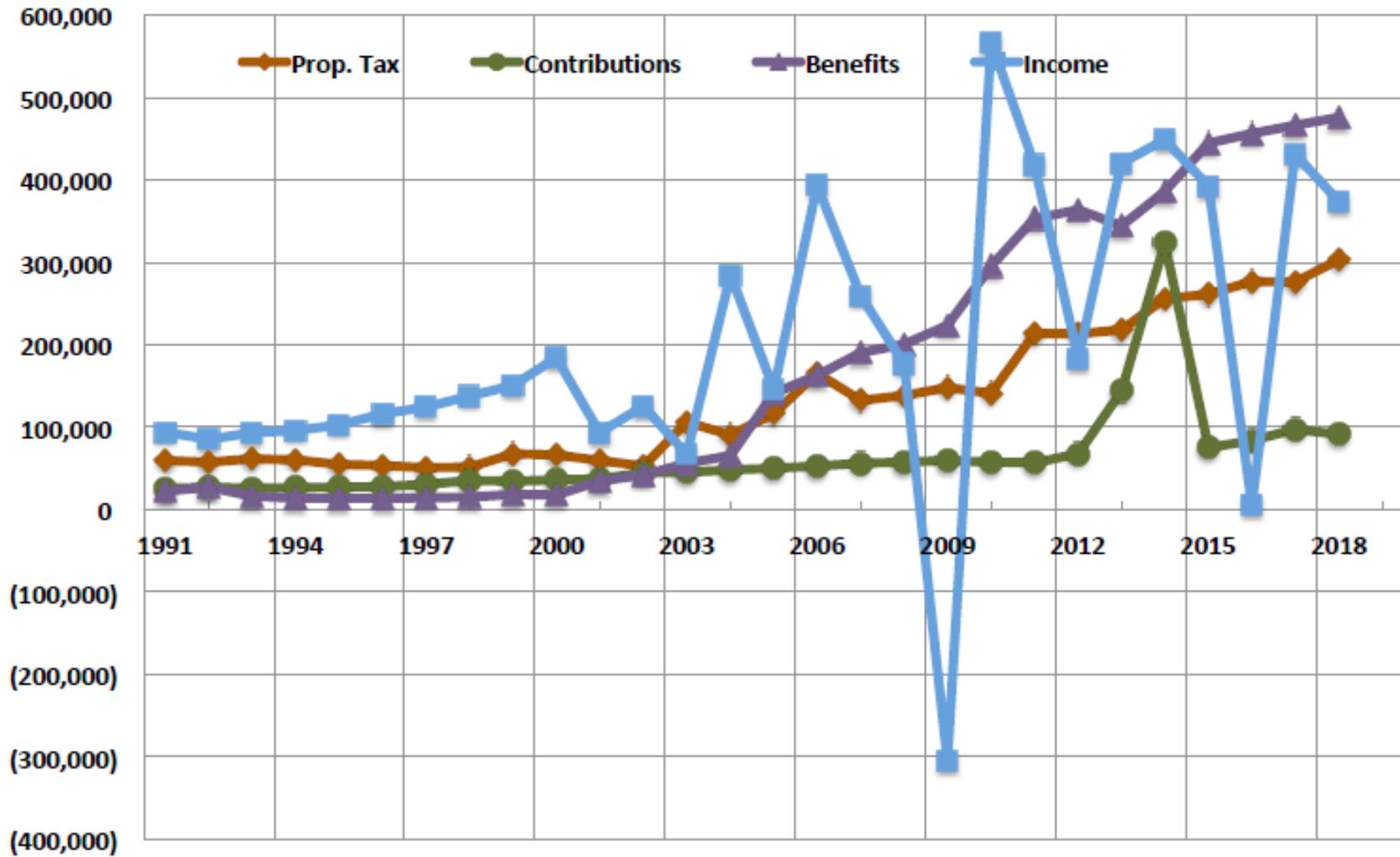
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## Police Fund Liabilities



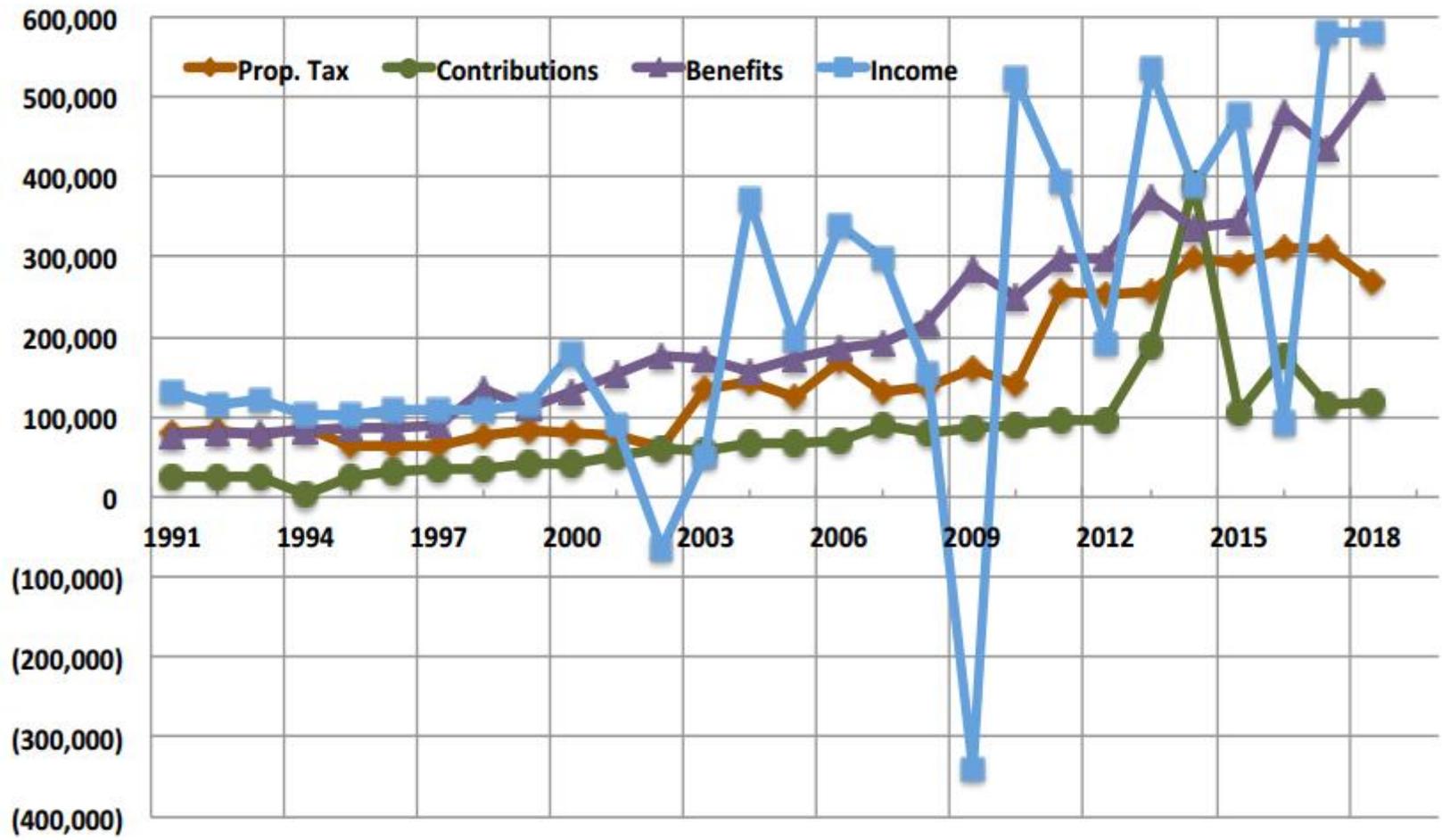
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## Firemen Pension Fund Flows



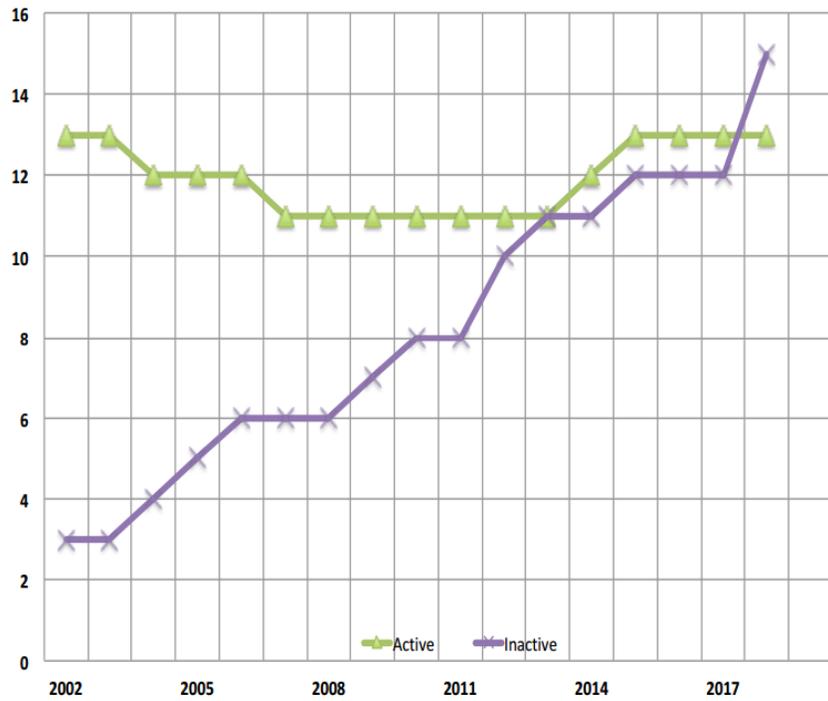
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### Police Pension Fund Flows

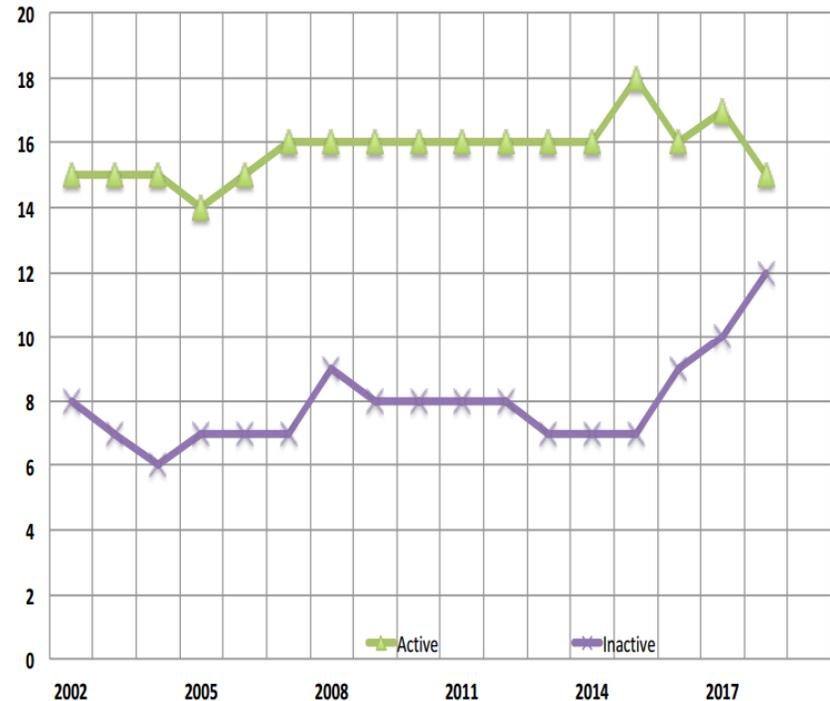


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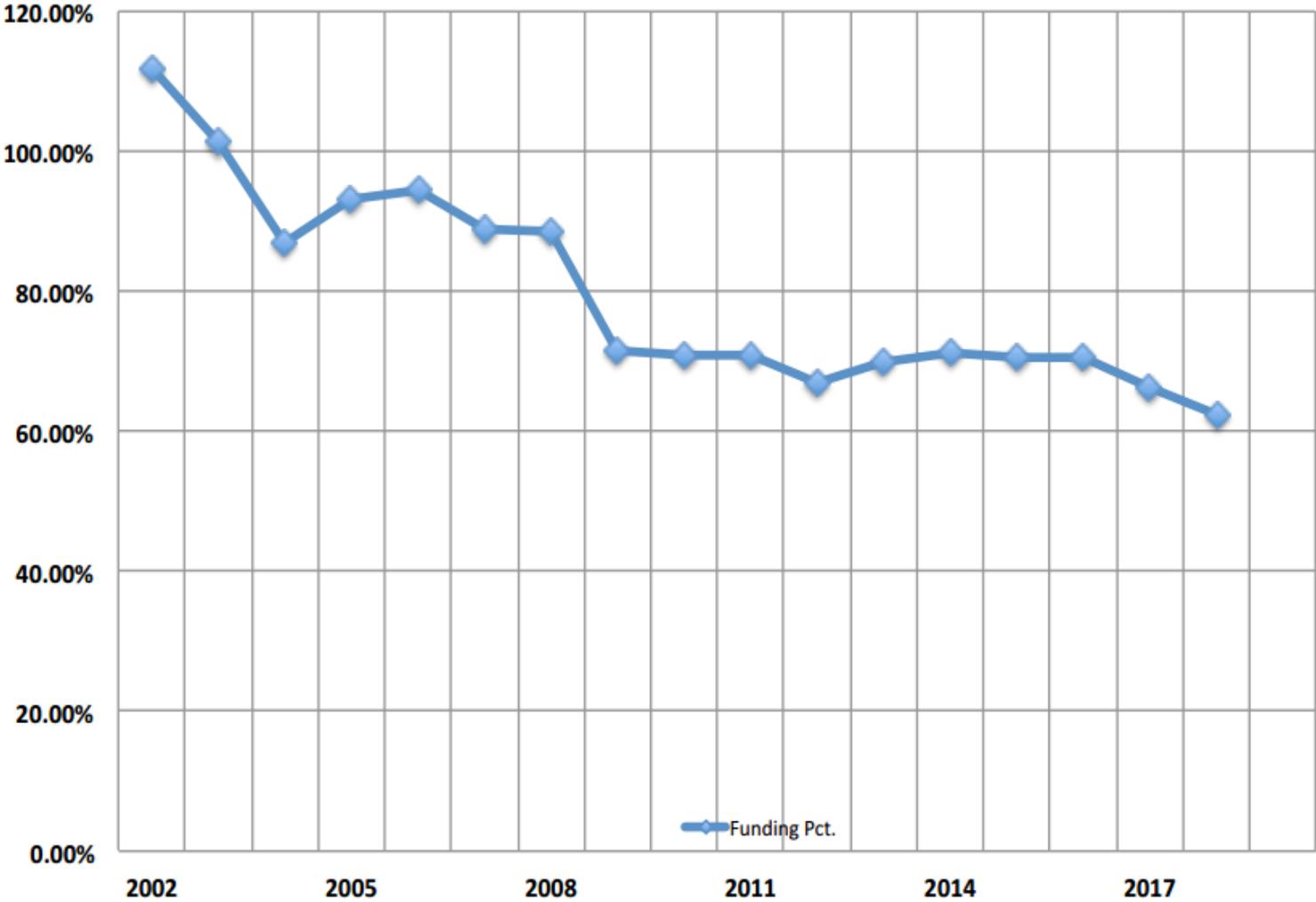
### Firemen Fund Participants



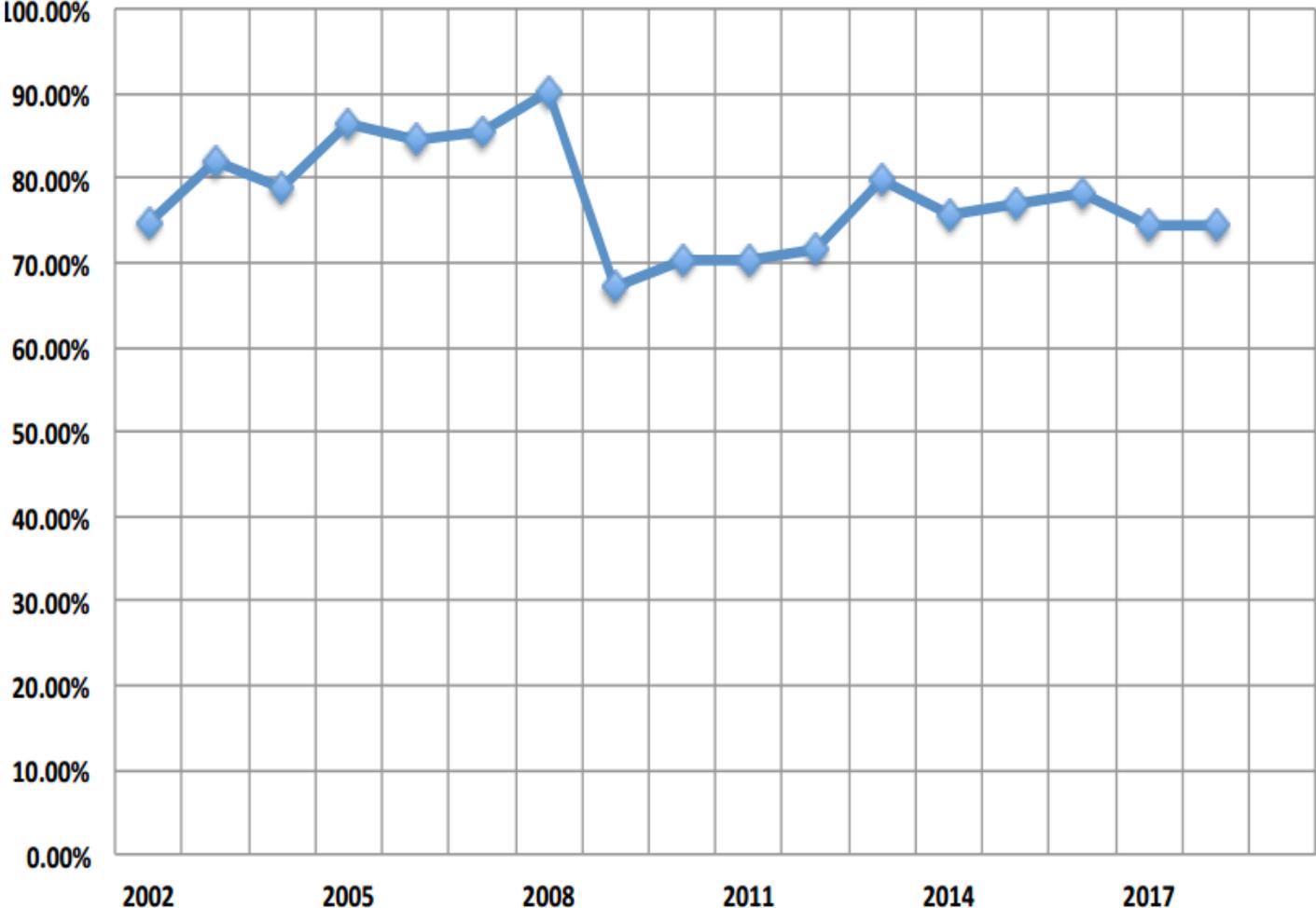
### Police Fund Participants



### Firemen Percentage Funded



**Police Percentage Funded**



# Sales Tax Breakdown - Princeton, IL

- General Merchandise: 7.25%
  - With proposed 0.25% tax and 0.5% County Jail Tax the new rate would be 8.0%
  - 1.0% to County; 0.75% to City; 6.25% to the State (of which the city receives 1.0%).
- Qualifying Food and Drugs: 1.0%
- Vehicle: 6.25%



## Sales Tax Rates Compared to Other Communities

- Sales tax for general merchandise would rise from 7.75% to 8.0%.
- Surrounding communities have similar rates:
  - LaSalle 7.5%
  - Peru 7.5%
  - Geneseo 8.25%
  - Kewanee 8.25%

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# Who Would Pay

- An estimated 70% of the tax would be paid by non-residents. Everyone who shops in our retail stores and eats/drinks in our restaurants will pay an extra quarter percent sales tax to offset the wear and tear on City roads.

## How much will the sales tax increase cost me?



### A \$10 Soccer Ball

With today's 7.75% tax: \$10.78  
With proposed 8.0% tax: \$10.80

### A \$100 Blender

With today's 7.75% tax: \$107.75  
With proposed 8.0% tax: \$108.00



### A \$500 Television

With today's 7.75% tax: \$538.75  
With proposed 8.0% tax: \$540.00



# The City's Plan

- Currently the City has laid out a 25 Year Street Plan.
- This referendum would allow the city to complete 10 years of the program in approximately 5 years.
- 0.25% will bring in approximately \$280,000/year, based on today's numbers.
- Estimated \$3 million over the 10 years.
- This would allow for approximately 20 miles of road improvements.

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# Referendum Wording

- Below is the wording that will appear on the ballot:

Shall the corporate authorities of the City of Princeton, Bureau County, Illinois be authorized to increase the Non-Home Rule Municipal Retailers' Occupation Tax and Non-Home Rule Municipal Service Occupation Tax (commonly referred to as a municipal sales tax) levy from a rate of 1/2 of 1% (.5%) to 3/4 of 1% (.75%) for the purpose of expenditure on public infrastructure?	YES	
	NO	

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# 10 Year Sunset

- The approved ordinance has a 10 year sunset clause. Meaning the council has to remove the tax in ten years.



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# If Sales Tax Referendum Passes.....

- How do I know it will be spent on roads:
  - Per State of Illinois Statute ILCS Ch. 65, Act 5, 8-11-1.0(a) any additional sales tax imposed by a non-home rule municipality must be collected for public infrastructure improvements.
  - In addition, the City Budget is transparent and available for review on the City's website.
  - All city council meetings are open to the public and shared on the city's website the day after the meeting.

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## Other FAQ's

- Will this affect my property taxes? **No.**
- Will this money help bail-out the State of Illinois Debt? **No.**
- I am now paying sales tax for my online purchases. Won't that help Princeton's road projects? **No.** While online companies, such as Amazon, collect State of Illinois sales tax, no municipal taxes are collected.
- If this proposal passes, will the City ask for another sales tax increase in the future? **As a non-home rule municipality, the City can only have a 1% non-home rule tax, this request will bring us to 0.75%.**

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## More FAQ's

- Don't my property taxes pay for road improvements? **No.** A large portion of property taxes pay for police and fire pension costs.
- When will the new tax rate take effect? **January 2020.**
- Who pays for this? **Everyone who uses our retailers pays the same tax rate. This referendum proposes to distribute the financial burden of maintaining our roads among all who use them.**

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# Questions?

For question email [newstreets@Princeton-il.com](mailto:newstreets@Princeton-il.com)

Visit the website at:

<https://www.princeton-il.com/street-improvement-plan/>

Call Rachel at  
815-875-2631 ext. 1005



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