



## CITY OF WASHINGTON, ILLINOIS City Council Agenda Communication

**Meeting Date:** March 11, 2024

**Prepared By:** Jim Snider, City Administrator

**Agenda Item:** Group 4 FY25 Budget discussion and further discussion as it relates to Governor Pritzker's proposal to eliminate the 1% sales tax on groceries.

**Explanation:** As I reported at last week's Council Meeting, Governor Pritzker has proposed to eliminate the 1% sales tax on groceries effective July 1, 2024. We have calculated an estimated annual sales tax proceeds loss of \$500,000 for the City of Washington if this reduction occurs.

Council member feedback to me have ranged from going forward with a wait and see approach to see if the General Assembly actually approves the 1% reduction to reducing FY25 budget item requests equivalent to the estimated \$500,000 projected revenue loss.

My recommendation is to take the wait and see approach to see if the General Assembly approves the reduction. If the reduction occurs in July, the council could selectively decide not to expend monies for specific FY25 budget on items up to our estimated revenue loss of \$500,000.

One item of clarification - should the reduction in revenue occur and the council subsequently decides to raise our home rule sales tax by .25% to make up for this lost revenue from the state, the net effect of sales tax paid at City of Washington business would be that no sales tax would be charged on groceries and medicine subject to the 1% sales tax and the additional .25% would be charged on all purchases subject to the Home Rule sales tax

In response to a request for me to select possible budget items that may be reduced or eliminated, the following are offered for consideration, in no particular order:

- Economic Development Funds FY 23/24- \$250,000
- Economic Development Funds FY 24/25- \$300,000
- Operating Budget - Pavement Maintenance - \$250,000
- Eagle Sidewalk - \$150,000
- Jackson St Ped Bridge - \$130,000
- Felkers Drainage Upgrade - \$330,000
- Operating Budget - Drainage Project - \$200,000
- Ditch Maintenance - \$50,000
- Operating Budget - Drainage Contract Maintenance - \$50,000
- Streaming - \$150,000
- ADA Ramp Replacement - \$50,000