

What is Home Rule?

When approved by voters, Home Rule governance allows Illinois towns and villages with populations under 25,000 to enact local solutions for local challenges, taking back some control from Springfield. The concept of Home Rule was put into the Illinois Constitution in 1971. Towns and villages with a population of more than 25,000 are automatically Home Rule; in towns under 25,000, voters must approve Home Rule. Many of our neighbors are Home Rule, including Volo, Lake Barrington and Barrington, which are all under 25,000 and became Home Rule because their residents voted for it.

Why is the Village seeking Home Rule now?

Our commitment to the Village's long-term sustainability is key within our mission statement. As part of our budget planning processes, we are looking at a long-term revenue shortfall, especially as it relates to maintaining infrastructure, like roads, sidewalks, stormwater drainage sewers and more.

What is infrastructure?

The term infrastructure refers to the physical systems and buildings needed to provide day-to-day Village services. Typically, the Village spends around \$4 million to \$7 million on infrastructure projects; some years are higher when a large-scale project is needed. The Village of Wauconda's infrastructure includes:

- Local roads
- Sidewalks
- Bangs Lake
- Water delivery systems like watermain pipes, water towers, pump stations and water meters
- Wastewater treatment services, like sewers, lift stations, and the wastewater treatment plant
- Stormwater systems, like storm sewers, grates, ditches and detention areas
- Village buildings, like the Public Works garage, the Police Department, Village Hall, the Community Development building and the salt storage dome, plus the equipment that keeps them running like generators and HVAC systems
- Technology, such as the internal system the Village uses to process payments to vendors and take water bills payments, and police in-car computers and cameras
- Vehicles, such as police squad cars, the lake weed harvester, public works snowplows and dump trucks

Will the 1% sales tax apply differently to residents vs. non-residents?

No, the sales tax is applied to every eligible purchase whether the buyer is a resident or non-resident. The data shows that majority of shoppers making purchases are made by non-residents; therefore, significantly more money will be generated from residents vs. non-residents. The Village of Wauconda population is just over 14,000; however, there are hundreds of thousands of visitors coming to our stores and restaurants each year.

What do you mean by long-term revenue shortfall?

As part of planning for the future, the Village looks at the long-term costs of providing day-to-day services and maintaining infrastructure. For example, in 2022, the Village Board reviewed plans for street maintenance for the next 20 years. Each year, the Village needs to spend \$2 million to keep our 54 miles of roads in serviceable condition. With grants and savings, we are able to cover this need until 2026, when we project that we will need an additional \$1.5 million each year.

This is part of the Village Board's commitment to planning for the future, instead of waiting until it's too late and scrambling to find ways to pay for the needs of the Village. The costs of maintaining infrastructure cannot be eliminated; if we defer maintaining our infrastructure, it only becomes more expensive over time.

What other towns have Home Rule?

221 Illinois municipalities are Home Rule. Towns over 25,000 in population automatically qualify, but many under 25,000 have voted to approve Home Rule, including Volo, Lake Barrington and Barrington.

What will the Village do with Home Rule?

The Village Board plans to use Home Rule to shift the burden from residents who pay property taxes to visitors to Wauconda who do not pay our taxes but use our services. The Village Board plans to pass a 1% sales tax. The sales tax is anticipated to bring in an additional \$1.2 - \$1.7 million each year.

Will the 1% sales tax make Wauconda less competitive?

No. In fact, when we, Wauconda residents, go to other Home Rule communities to shop, like Volo and Mundelein, we pay their 1% sales tax.

If I vote for Home Rule, is the change permanent?

No, voters always have the power to go back to non-Home Rule status by placing a citizen-initiated referendum on an election ballot.

In Illinois, if a community that is Home Rule by population drops below a population of 25,001, voters have the opportunity to vote on whether the community should remain Home Rule. In last November's election, voters in six communities in Illinois were presented with a referendum question after the 2020 census showed population declines in those towns: Carbondale, Collinsville, Freeport, Harvey, Kankakee, and Melrose Park. Voters in all six communities opted to keep Home Rule.

Does Home Rule mean a tax on real estate (home) sales?

No, a Home Rule community cannot automatically introduce a tax on real estate transfers. This can only be passed if voters approve another referendum which specifically applies to a real estate transfer tax. There is no plan to do so in Wauconda.

The Village is saying that most shoppers come here from outside Wauconda. If groceries are exempt and Jewel is a large source of sales tax, how do you know this sales tax will generate what you say it will?

Under current state law, the Village receives 1% of all sales tax generated by shopping and dining in the Village, which equates to about \$2.5 million per year in revenue. The Village's estimates for Home Rule sales tax revenues (\$1.2-\$1.7 million) account for the grocery exemption.

How does the Village know 84% of shoppers at Liberty Square are non-residents?

The Village uses a company to pull data based mobile phone location information. That data shows 84% of the mobile phones that visit Liberty Square are based outside of the 60084 zip code. We use this data for our economic development and marketing efforts.

How will this impact my property taxes?

As a tax-capped, non-Home Rule community, the Village currently raises our property tax levy each year by CPI or 5%, whichever is less. One of the reasons to adopt Home Rule is that it gives the Village Board the ability to shift the burden away from property taxes. Additionally, the Mayor & Board of Trustees passed an ordinance committing to continue to abide by property tax caps.

In fact, a study from Northern Illinois University showed that Home Rule communities do not use their Home Rule powers to raise property taxes higher than non-Home Rule communities. The study found no evidence that communities with Home Rule misuse their powers.