

THE ARGUMENTS PRO AND CON ABOUT HOME RULE OFTEN CONSIDER DATA – AND INTERPRET WHAT CITIES “ON AVERAGE” HAVE DONE WITH HOME RULE POWERS. BUT RIVERWOODS HAS UNIQUE FACTORS:

WOODLANDS AND LARGE LOTS

PRIVATE STREETS & PRIVATE WELLS

SINGLE FAMILY COMMUNITY, BUILT-OUT, WITH NO LARGE TRACTS LEFT

SALES TAX – JUST 12% OF GENERAL REVENUES

POLICE LEVY – PROVIDES ONLY 37% OF POLICE DEPARTMENT COSTS

HIGH COST OF PURCHASING WATER

TWO REASONS FOR CHOOSING HOME
RULE ARE EXAMINED:

(1) BETTER REGULATORY POWERS
FOR ADDRESSING OUR NEEDS

(2) BETTER TAX REVENUE SOURCES –
TAX REVENUES THAT THE COMMUNITY
WOULD PREFER TO SEE COLLECTED
OVER OTHER TYPES OF TAX REVENUES

THE ARGUMENTS AGAINST HOME RULE
MIGHT BE STATED AS:

(1) THE VILLAGE DOESN'T NEED
INCREASED REGULATORY POWER

(2) MORE REVENUE SOURCES AND
ELIMINATION OF TAX CAP WILL LEAD TO
HIGHER TAXES

IN OUR SYSTEM, THE FEDERAL GOVERNMENT AND EACH STATE ARE SOVEREIGN: CITIES AND VILLAGES HAVE NO INDEPENDENT STATUS BUT ARE CREATED BY STATE GOVERNMENT.

COUNTIES, CITIES, TOWNSHIPS, FOREST PRESERVE, FIRE PROTECTION, PARK AND SCHOOL DISTRICTS ARE EACH FORMED UNDER THEIR OWN ENABLING LEGISLATION. EACH HAS INDEPENDENT TAXING AUTHORITY.

ILLINOIS IS EXTREMELY UNUSUAL IN THE NATION FOR HAVING DIVIDED POWERS AMONG MANY INDEPENDENT TAXING DISTRICTS, EACH FORMED ACCORDING TO ITS OWN LAW.

THE ILLINOIS MUNICIPAL CODE 65
ILCS 5/1 ET SEQ., NOW REGULATES
CITIES AND VILLAGES.

UNTIL THE ADOPTION OF THE ILLINOIS
CONSTITUTION OF 1970, IT WAS THE
PRIMARY SOURCE OF MUNICIPAL
POWERS FOR MOST CITIES.

SINCE THE MUNICIPAL CODE EVOLVED
FROM EARLIER LAWS, IT REFLECTS
150 YEARS OF STATE LEGISLATION ON
TOPICS, WHICH ARE OFTEN OUTDATED.

THE LEGAL PRINCIPLE KNOWN AS
“DILLON’S RULE” SAYS THAT UNLESS
THE POWER A VILLAGE SEEKS TO
EMPLOY IS EXPRESSLY GRANTED BY
ENABLING LEGISLATION – THEN THE
VILLAGE IS NOT EMPOWERED TO ACT.

THE ILLINOIS CONSTITUTION OF 1970 PUT FORWARD A BOLD SOLUTION TO PROBLEMS OF LOCAL GOVERNMENT POWER: CITIES OVER 25,000 IN POPULATION AUTOMATICALLY BECAME “HOME RULE” UNITS. THE ENABLING CLAUSE, ARTICLE VII, SECTION 6 READS:

“EXCEPT AS LIMITED BY THIS SECTION, A HOME RULE UNIT MAY EXERCISE ANY POWER AND PERFORM ANY FUNCTION PERTAINING TO ITS GOVERNMENT AND AFFAIRS INCLUDING, BUT NOT LIMITED TO, THE POWER TO REGULATE FOR THE PROTECTION OF THE PUBLIC HEALTH, SAFETY, MORALS AND WELFARE, TO LICENSE, TO TAX; AND TO INCUR DEBT.”

THE ILLINOIS CONSTITUTION PROVIDES LIMITS ON HOME RULE UNITS, SUCH AS PROHIBITING IMPOSITION OF AN INCOME TAX OR DEFINING FELONIES.

THE ILLINOIS CONSTITUTION SPECIFIES WHEN THE STATE MAY OVERRIDE HOME RULE POWERS OR RESERVE CERTAIN AREAS WHERE THE STATE DECIDES IT ALONE SHOULD EXERCISE POWERS — THEREBY PRE-EMPTING LOCAL POWER.

THE STATE NOW FORBIDS A REAL ESTATE TRANSFER TAX EVEN TO HOME RULE UNITS UNLESS THIS MEASURE IS PASSED BY A SEPARATE REFERENDUM.

OTHER EXAMPLES OF STATE PRE-EMPTION: TICKETING MOVING VIOLATIONS, REGULATING PESTICIDE APPLICATORS, ANIMAL TRAPPING.

IN ILLINOIS, IF A VILLAGE ISN'T HOME
RULE, THEN IT IS NON-HOME RULE
UNLESS IT PASSES A REFERENDUM.

EXAMPLES OF WHERE HOME RULE
AUTHORITY WOULD PROVIDE BETTER
GROUNDING FOR LOCAL REGULATIONS:

PROTECTING THE ENVIRONMENT

TREE PROTECTION ORDINANCE

WOODLAND PRESERVATION ORDINANCE

(OUR ORDINANCE, WHICH LIMITS THE
AMOUNT OF UNDER-STORY THAT CAN
BE REMOVED, IS UNIQUE IN THE STATE)

THE TERM "WOODLAND" DOES NOT
APPEAR IN THE MUNICIPAL CODE.

ORDINANCE REQUIRING STREET BONDS
AND REQUIRING STREET RESTORATION

AGREEMENTS WITH OWNERS AND ROAD
ASSOCIATIONS TO ALLOW THE POLICE
DEPARTMENT TO ENFORCE TRAFFIC
LAWS ON PRIVATE STREETS

IMPOSITION OF SPRINKLING BANS

HOME RULE UNITS CAN MODIFY THE
ZONING AND PLANNING PROCESS —
FOR EXAMPLE, TO CUSTOMIZE THE
CRITERIA FOR GRANTING HARDSHIP

MANY HOME RULE COMMUNITIES
REQUIRE EXECUTION “DEVELOPMENT
AGREEMENTS” TO OBLIGATE BUILDERS
UNDER PERFORMANCE STANDARDS —
NON-HOME RULE UNITS HAVE NO
AUTHORITY FOR SUCH AGREEMENTS.

HOME RULE UNITS CAN ENTER INTO INTERGOVERNMENTAL AGREEMENTS AND SHARE MORE EXTENSIVE POWERS.

HOME RULE UNITS ARE NOT EXPRESSLY COVERED BY THE RECENT AFFORDABLE HOUSING LAW.

MOST HOME RULE UNITS HAVE TAKEN THE POSITION THAT THEY SHOULD BE FREE TO DEVISE THEIR OWN SOLUTIONS TO HOUSING ISSUES.

THE ILLINOIS AFFORDABLE HOUSING LAW LOOKS TO ACHIEVING A GOAL OF 10% OF HOUSING UNITS BEING AFFORDABLE TO A HOUSEHOLD EARNING 80% OF THE AREA MEDIAN INCOME.

THE STORY ON TAX CAPS. BRIEFLY, WHEN RISING INFLATION AND ASSESSED VALUES RESULTED IN LARGER PROPERTY TAX BILLS, THE STATE PASSED THE “TAX CAP” LAW INITIALLY FOR THE COLLAR COUNTIES – LATER COOK WAS ADDED – BUT HOME RULE UNITS WERE NEVER AFFECTED.

THE LAW LIMITS THE GROWTH OF PROPERTY TAX REVENUES (WITH EXCEPTIONS BUILT IN FOR NEW DEVELOPMENT) TO THE LESSER OF 5% PER YEAR OR THE CONSUMER PRICE INDEX (CPI).

THE ACADEMIC STUDIES REPORT EITHER THAT HOME RULE UNITS DID NOT USE THEIR POWERS TO INCREASE PROPERTY TAXES OR THAT THERE ARE TOO MANY FACTORS TO GENERALIZE.

ONE MANNER OF UNDERSTANDING THE VILLAGE'S FINANCES CLASSIFIES ITS ACTIVITIES UNDER FOUR ESSENTIAL FUNCTIONS:

(1) BUILDING AND ZONING

(2) POLICE PROTECTION

(3) OPERATING WATER AND SEWER SYSTEMS

(4) GENERAL OPERATIONS, WHICH INCLUDE MAINTAINING VILLAGE STREETS AND DITCHES, RUNNING VILLAGE HALL AND PROGRAMS FOR RESIDENTS, SUCH AS BUCKTHORN REMOVAL, TREE REPLANTING, ASSISTANCE TO SENIORS, VILLAGE NEWSLETTER

THE FOUR MAIN SOURCES OF REVENUE
CORRESPONDING TO THESE FUNCTIONS
ARE:

(1) BUILDING PERMIT FEES

(2) POLICE FUND LEVY

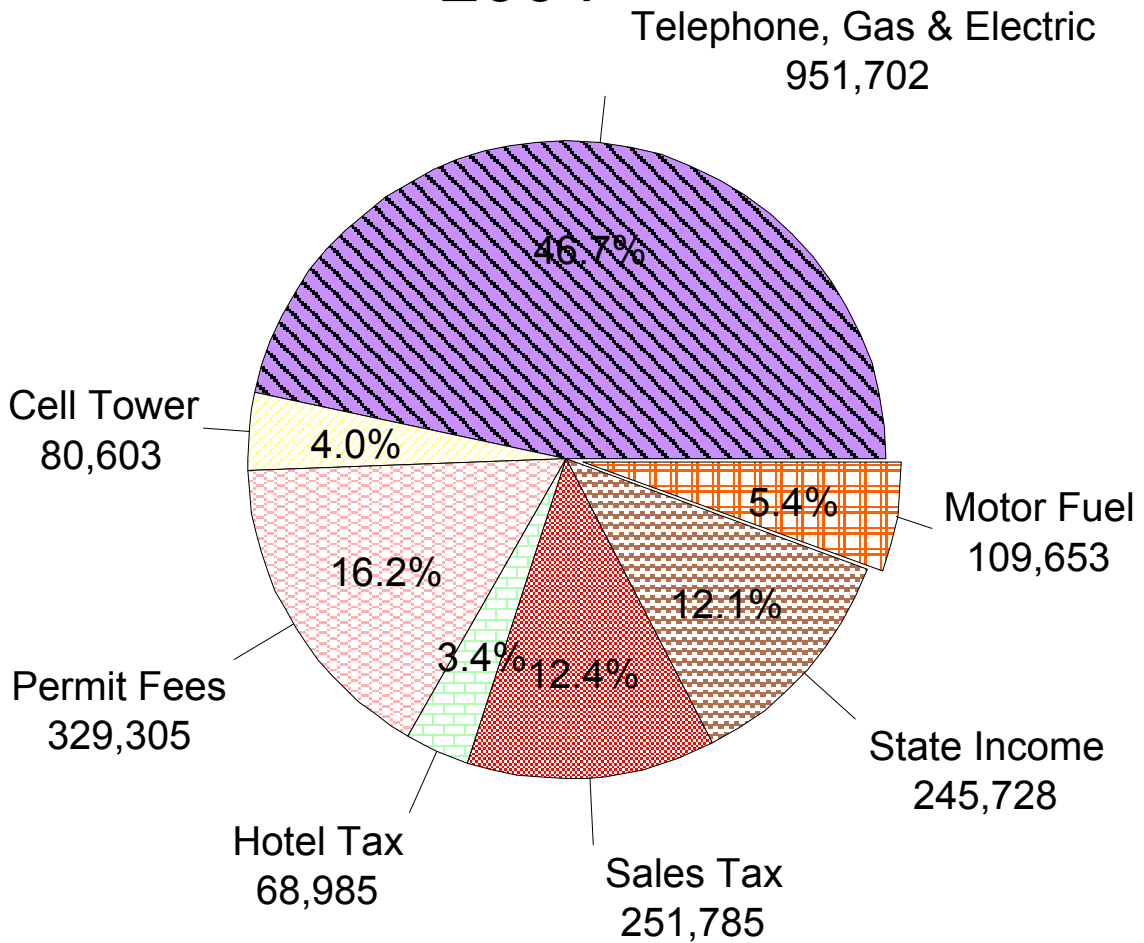
(3) WATER AND SEWER USER CHARGES

(4) GENERAL FUND REVENUES

THE GENERAL FUND RECEIVES REVENUE FROM THE SIMPLIFIED TELECOMMUNICATIONS TAX, GAS AND ELECTRIC TAXES, AND THE LOCAL SHARE OF STATE INCOME TAX AND SALES TAX. BUILDING PERMIT FEES ARE TECHNICALLY PART OF THE GENERAL FUND.

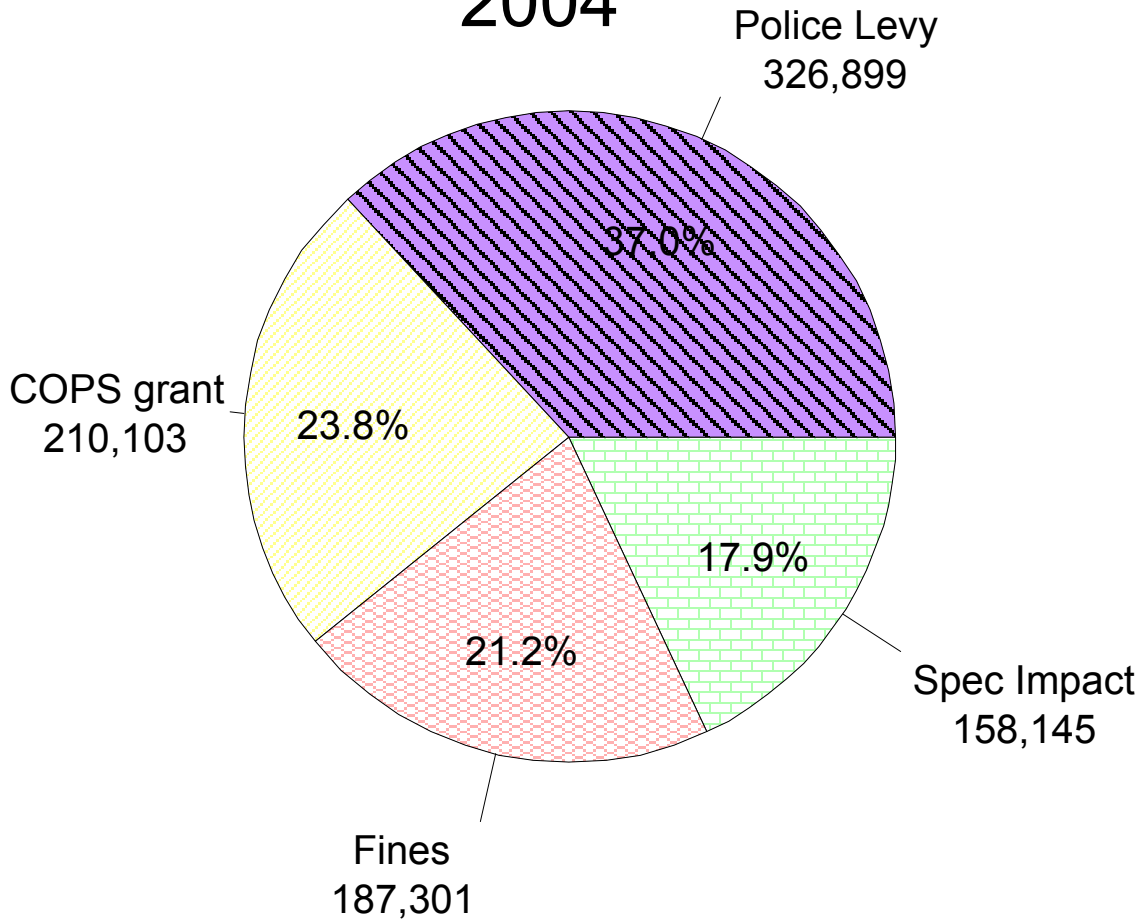
THESE NON-PROPERTY TAX SOURCES OF REVENUES PAY FOR GENERAL FUND ACTIVITIES, SUCH AS RUNNING AND REPAIRING THE VILLAGE HALL, ISSUING BUILDING PERMITS AND INSPECTIONS, DUTCH ELM DISEASE MONITORING, SPRAYING FOR GYPSY MOTHS, REPAIRING DRAINAGE DITCHES, AND ASSISTING SENIOR CITIZENS.

General Fund Revenues 2004



GENERAL FUND REVENUES OFTEN ARE USED TO MAKE UP SHORTFALLS IN OTHER FUNDS.

Police Fund Revenues 2004



IN 2004, POLICE FUND REVENUES WERE \$884,232 AGAINST COSTS OF \$779,434, BUT THE COPS GRANT HAS NOW EXPIRED

THE TOTAL AMOUNT RECEIVED FROM ALL VILLAGE RESIDENTS IN 2005 FROM THE POLICE LEVY WAS \$354,556.23.

THE TAX RATE TO ACHIEVE THIS AMOUNT WAS .101, OR 10 CENTS PER \$100. A HOUSE WITH AN ASSESSED VALUE OF \$187,000 (1/3 MARKET VALUE) PAID TAXES OF:

$$\frac{\$187,000}{100} \times .101 = \$188$$

OUT OF A TOTAL TAX BILL OF \$12,681.

EXCEPT FOR THE POLICE LEVY AND SPECIAL SERVICE AREA TAXES, ALL OF THE TAXES SHOWN IN THE RESIDENT'S BILL IN THE NEXT SLIDE ARE IMPOSED BY OTHER DISTRICTS:

CHECK HERE IF YOUR ADDRESS HAS CHANGED. SEE REVERSE.

YOUR CANCELLED CHECK IS YOUR RECEIPT

TEAR HERE ↓

Property Location: **RIVERWOODS**

Pin Number
[REDACTED]

Tax Code
16232

Acres
0.00

Legal Description: **CHIPPERS WOODS**

Taxing Body	Rate	Current Amount	Change from Prior Year		
COUNTY OF LAKE	0.3610	\$675.42	-\$7.04	Land Value	\$100,652.00
COUNTY OF LAKE PENSION	0.1040	\$194.59	\$12.94	+ Building Value	\$94,447.00
VIL. OF RIVERWOODS	0.1010	\$188.97	\$5.57	X State Multiplier	
ROAD AND BRIDGE-VERNON	0.0220	\$41.16	\$2.36	= Equalized Value	\$195,099.00
LINCOLNSHIRE-RIVERWOODS FIRE PROT DIST	0.4630	\$866.27	\$113.27	+ Farm Land and Bldg Value	\$0.00
LINCOLNSHIRE-RIVERWOODS FIRE PROT DIST PENSION	0.0410	\$76.71	\$7.93	+ State Assessed Pollution Ctrl.	
SOUTHLAKE MOSQUITO ABATEMENT	0.0120	\$22.45	\$1.29	+ State Assessed Railroads	
SCHOOL DISTRICT #109	2.4230	\$4,533.44	\$544.40	= Total Assessed Value	\$195,099.00
SCHOOL DISTRICT #109 PENSION	0.0300	\$56.12	\$3.22	- Fully Exempt	
COLLEGE OF LAKE COUNTY #532	0.2000	\$374.20	\$19.74	- Senior Freeze	
HIGH SCHOOL #113	1.7030	\$3,186.29	\$71.96	- Home Improvement	
HIGH SCHOOL #113 PENSION	0.0580	\$102.91	-\$1.13	- Limited Homestead	\$5,000.00
SPECIAL ROAD IMPROVEMENT VERNON GRAVEL	0.0200	\$37.42	\$3.91	- Senior Homestead	\$3,000.00
RIVERWOODS SSA #14	0.9710	\$1,816.73	-\$54.33	- Veterans	
FOREST PRESERVE	0.2110	\$394.77	\$13.86	= Taxable Valuation	\$187,099.00
FOREST PRESERVE PENSION	0.0080	\$14.97	-\$0.90	X Tax Rate	6.7780
TOWNSHIP OF VERNON	0.0530	\$99.16	-\$6.65	= Real Estate Tax	\$12,681.57
TOTALS	6.7780	\$12,681.57	\$730.40	+ Special Service Area	
				+ Drainage	
				= Total Current Year Tax	\$12,681.57
				+ Omitted Tax	
				+ Forfeited Tax	
				= TOTAL TAX BILLED	\$12,681.57

THE VILLAGE MUST LOAN MONEY FROM THE GENERAL FUND TO THE WATER AND SEWER FUNDS WHEN THERE ARE SHORTFALLS – PARTLY TO AVOID USER CHARGE INCREASES. ALSO, ADVANCES OVER TIME CAN BE REPAID FROM NEW TAP-ON CONNECTIONS

BECAUSE OF REPEATED RATE INCREASES FROM HIGHLAND PARK, THE VILLAGE HAS ESSENTIALLY BEEN BREAKING EVEN IN THE OPERATION OF ITS WATER SYSTEM

RESIDENTS PAY \$36 EVERY TWO MONTHS FOR SEWER, BUT ALL OF THAT CURRENTLY GOES TO LAKE COUNTY

IMPACT OF HOME RULE STATUS ON REVENUE SOURCES:

(1) SALES TAX – INCREASED REVENUE CAN FUND ALL VILLAGE ACTIVITIES, PRIMARILY FROM NON-RESIDENTS

THE VILLAGE COULD INCREASE – EVEN A 1/2 POINT (0.5%) INCREASE WOULD YIELD ABOUT \$84,000 PER YEAR WITH CURRENT BUSINESSES. THIS DIFFERENTIAL WILL BECOME MORE SIGNIFICANT AS THE BP AMOCO AND NEW RETAIL DEVELOPMENT OCCURS.

THE CURRENT SALES TAX RATE IN THE VILLAGE IS 7.0%, OF WHICH THE VILLAGE RECEIVES 1.5%. THE TAX COMPONENTS ARE AS FOLLOWS:

STATE OF ILLINOIS	5.00%
LAKE COUNTY	.25%

RTA	.25%
RIVERWOODS	1.50%

THE RATE IN BUFFALO GROVE (LAKE Co) IS 7.5%; IN DEERFIELD, 7%; NORTHBROOK, 8.25%, WHEELING (LAKE Co) 7.5%.

(2) HOTEL TAX

THE VILLAGE COULD USE HOTEL TAX REVENUE WITHOUT BEING LIMITED TO PROMOTING OVERNIGHT TOURISM, FREEING ABOUT \$80,000 PER YEAR WHICH COULD BE USED FOR ANY PURPOSE, SUCH AS BIKE PATHS, OR MAKING REPAIRS AND BUILDING RESERVES IN THE WATER AND SEWER FUND.

(3) IMPOUND FEE TO RECOVER TOWED VEHICLES CHARGED TO DRUNK DRIVERS – BASED ON CURRENT ARRESTS THIS WOULD GENERATE ABOUT \$40,000 A YEAR TO HELP FUND THE POLICE DEPARTMENT.

(4) DEMOLITION FEE.

SUMMARY:

■ THE BUILDING DEPARTMENT AND OTHER GENERAL OPERATIONS OF THE VILLAGE ARE SELF-SUSTAINING FROM GENERAL FUND REVENUES.

■ THE POLICE DEPARTMENT IS NOT SELF-SUSTAINING FROM THE POLICE LEVY. WITHOUT ITS SUBSIDY FROM THE COPS GRANT, IT REQUIRES ABOUT \$300,000 IN ADDITIONAL FUNDING.

■ THE POLICE DEPARTMENT PROVIDES 24 HOUR COVERAGE AND IS MORE AFFORDABLE THAN THE PREVIOUS CONTRACT WITH THE LAKE COUNTY SHERIFF'S DEPARTMENT.

■ THE WATER AND SEWER FUNDS BREAK EVEN BUT AREN'T BUILDING RESERVES.

■ HOME RULE STATUS CAN ASSIST IN PROVIDING TAX REVENUES FROM SOURCES OTHER THAN PROPERTY TAXES, AND THESE REVENUES CAN THEN FUND THE POLICE DEPARTMENT, WATER & SEWER SYSTEMS AND OTHER VILLAGE NEEDS WITHOUT IMPAIRING THE GENERAL FUND.