



CITY COUNCIL AGENDA ITEMS

To: Mayor and City Council
From: Walter Denton, City Administrator
Date: May 15, 2006
Subject: Food and Beverage Tax

List of committees that have reviewed: Finance Committee

Background: As you know, the City Council disapproved a 1% Food and Beverage Tax at the May 1 meeting. While we respect and honor the Council's decision, we would like for the City Council to have the opportunity to reconsider the issue if a worthy project is identified. To do this, it is required that an alderman who voted against the tax make the motion to reconsider it.

If the motion is made, seconded, and approved by a majority of the council, then the ordinance can be presented to the council for 1st reading. However, we recommend that the City Council table the ordinance and send back to committee for further review and consideration. The City would still have the option of pursuing the Food and Beverage Tax if the City Council would like to implement a program or project. In particular, there are two projects under review by staff that the Council may wish to consider in the future. Unfortunately, we are unable to disclose the projects at this time, which is why we are recommending a motion to refer the ordinance back to committee.

Legal Considerations, if any: Legal counsel advises that the ordinance should be placed on the agenda for 1st reading in order to be reconsidered.

Budget Impact: Based on recent sales tax data provided by the IL Department of Revenue, this tax would generate approximately \$400,000 annually.

Staff recommendation: Referring the ordinance must be implemented in three parts:

- (1) An alderman who voted against the ordinance makes the motion "to reconsider the vote on the Ordinance Establishing a Tax on the Sale of Food and Beverages Prepared for Immediate Consumption."
- (2) If that passes, then a motion needs to be made "to place the Ordinance Establishing a Tax on the Sale of Food and Beverages Prepared for Immediate Consumption on 1st reading."
- (3) Following that motion, staff recommends that a motion be made "to refer the Ordinance Establishing a Tax on the Sale of Food and Beverages Prepared for Immediate Consumption to the Finance and Administration Committee for further review."