



## HOME RULE FOR PROSPECT HEIGHTS?

*Voters* will decide on the  
November 6<sup>th</sup> ballot.

# Common Questions

- What is Home Rule?
- Why did the City Council approve a referendum for Home Rule?
- What are the changes that might come from Home Rule?

# Common Questions

- What are the arguments *for* Home Rule?
- What are the arguments *against* Home Rule?

# What is Home Rule?

Provided by the 1970 Illinois Constitution

Communities get a broad range of powers unless pre-empted by the State.

Authorizes the local governing body to use these additional tools to help address local issues.

Resident Voters have more control of their community rather than rules and restrictions of Cook County or the State of Illinois .



# Technical Definition

Article VII, Section 6(a) of the Illinois Constitution of 1970 provides:

*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.*

# How do communities get to be home rule ?

*Municipalities with populations over 25,000 are automatically granted Home Rule status, while smaller communities can put the question on a referendum ballot **and let the voters decide.***

*Over 80% of Illinois' citizens live in the 215 Home Rule communities in the state.*

**TAKE-AWAY: Home Rule is prevalent**



# How do communities USE home rule power?

As stated in the technical definition, *a Home Rule community can pass local ordinances that regulate, license, tax and incur debt.* The **City Council** is responsible for passing ordinances that would make any changes within any of those categories.

**TAKE-AWAY:** Nothing is automatic.



# What Prohibitions are there to the use of HOME RULE powers?

Home Rule units may not tax income, earnings, and/or occupations. It may not license for revenue unless authorized by the General Assembly; define/punish for felonies; or incur property tax debts that mature more than 40 years from the date of issuance.

# Non-Resident Revenue Sources *With Home Rule*

- ▶ **Hotel / Motel**
- ▶ **Video Gaming**
- ▶ **Local Sales**
- ▶ **Food and Beverage**
- ▶ **Gasoline Sales**

# Examples *of the use* HOME RULE Authority

Home Rule gives the City Council authority to change the allocation of hotel/motel taxes that mainly come ***from non-residents*** to help pay for things like:

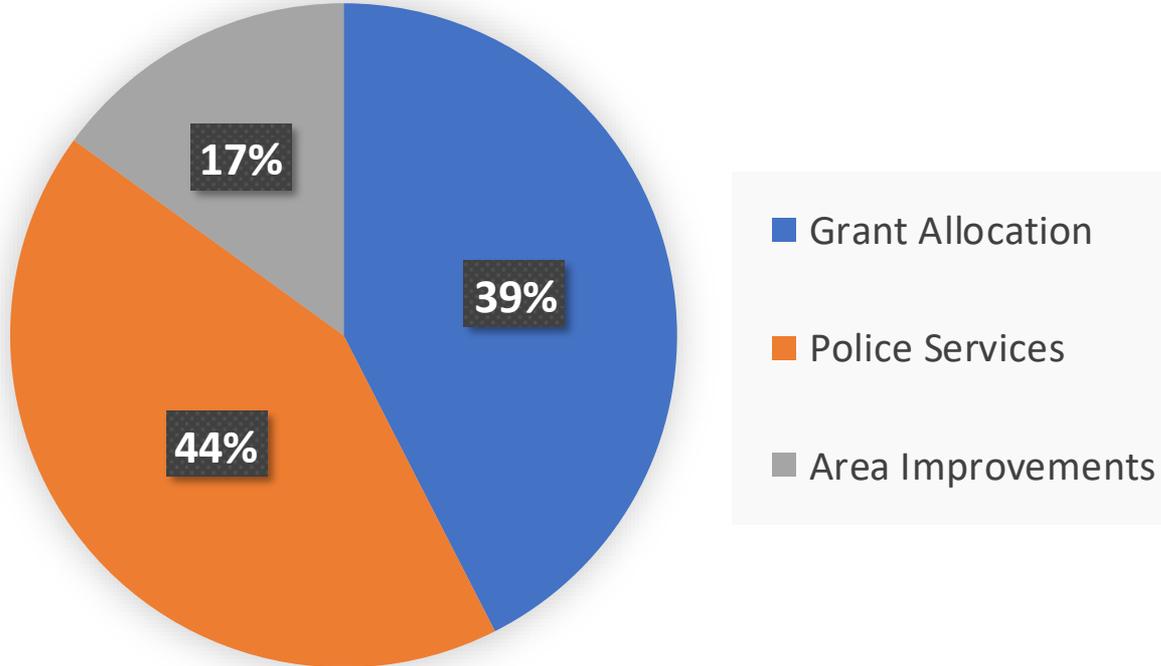
- > road repair
- >flood control
- >other major *infrastructure* projects

# Hotel / Motel – Revenue Source

## Non-Home Rule vs. HOME RULE

- ▶ ***Non-Home Rule*** – Funds are restricted to use only within the area deemed the “Tourism Zone” which primarily impacts the Hotels / Motels.
- ▶ ***With Home Rule*** – Funds may be used for any general purpose City expenditures including infrastructure that benefit local residents and businesses alike.

# Hotel / Motel Funds



# HOTEL / MOTEL FUNDS

Where do our Hotel / Motel funds go?

*Tourism Zone - Annually*

▶ <b>Grant Allocation</b>	<b>\$ 315,255</b>
▶ <b>Area Improvements</b>	<b>\$ 161,034</b>
▶ <b>Convention Bureau Membership</b>	<b>\$ 58,905</b>
▶ <b>Police Services</b> <i>(24/7 Police Patrols)</i>	<b>\$ 342,625</b>
▶ <b>Service Charges</b> <i>(Admin, Finance etc.)</i>	<b>\$ 67,220</b>
▶ <b>Other Expenses</b> <i>(Audit, Professional svc.)</i>	<b>\$ <u>3,787</u></b>
<b>Combined Hotel / Motel Taxes</b>	<b>TOTAL \$ 948,826*</b>

\* *Amount that could have been part of the PH budget under HOME RULE*



# Hotel / Motel Funds – Likely Potential for Redistribution of Existing Revenue Sources Under HOME RULE ... Annually

▶ Grant Allocation	\$ 315,254
▶ Area Improvements	<u>\$ 161,034*</u>
TOTAL	\$ 476,288

*\* Based on 2017 fiscal year*



# Revenue Source under Non-Home Rule

## *Video Gaming in Illinois*

- ▶ We have **65 Video Gaming Machines** currently within Prospect Heights.
- ▶ CURRENTLY The City may only charge an annual licensing fee of \$25 \* per machine or, \$1,625 per year
- ▶ Under Home Rule the City could charge an annual licensing fee of \$1,000 or more per machine, similar to those charged by our neighboring HOME RULE communities.
  - ▶ **Current non-Home Rule revenue** **\$ 1,625**
  - ▶ **Potential HOME RULE revenue** **\$ 65,000**
  - ▶ ***Net Increase in Revenues based on having HOME RULE:*** **\$ 63,375**

\* Based on Illinois state law governing non-home rule communities



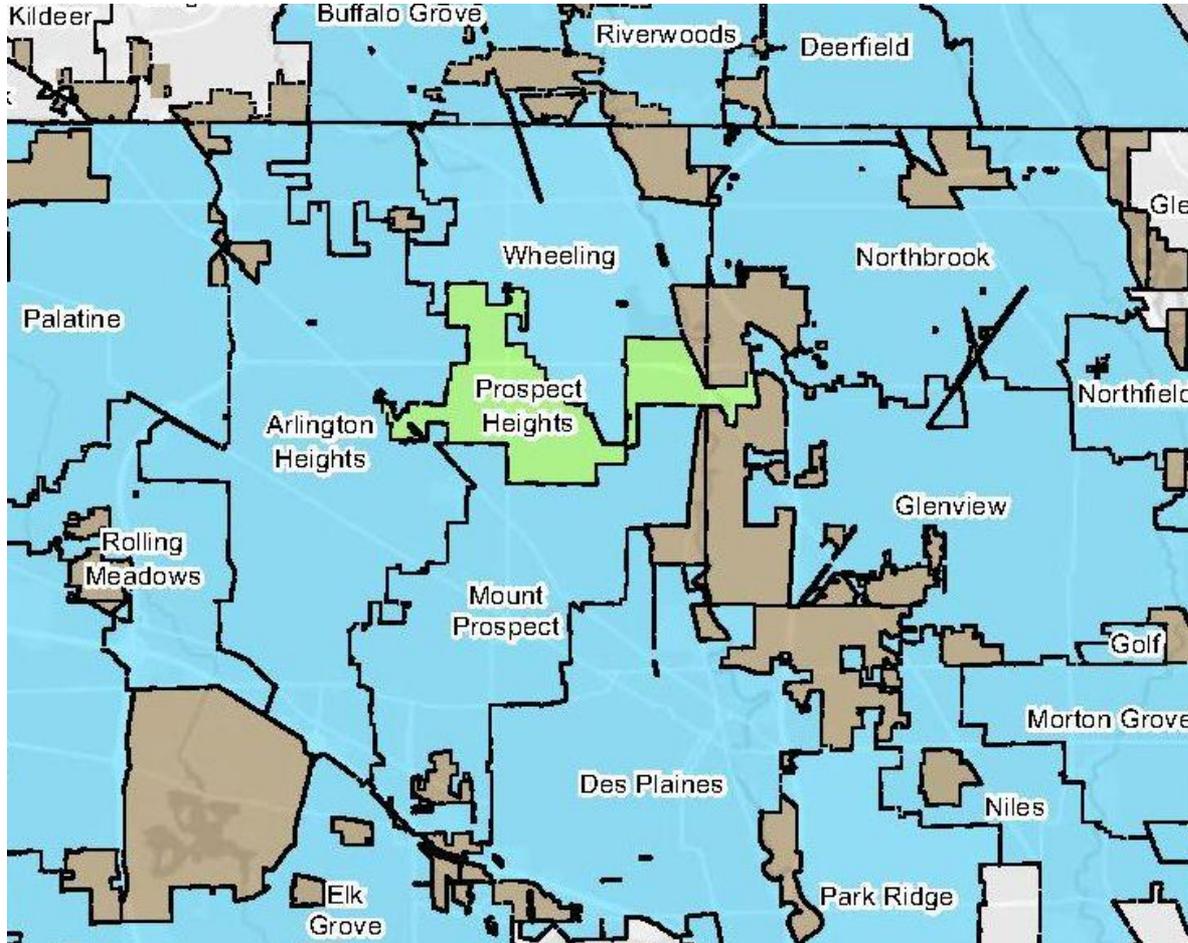
# Examples of HOME RULE Authority

In addition to hotel taxes, Home Rule gives the authority to ***collect a Home Rule sales tax in addition*** to the 1.25% from the state sales tax, a gas tax up to 4 cents per gallon, local property tax, a food and beverage tax and impose higher license fees on video gaming.

Many of these are used by our neighbors.



# Neighboring Communities



# Recap of New and Redistributed potential revenue from sources annually *with HOME RULE*

▶ Hotel / Motel Funds	\$ 476,288
▶ Video Gaming Licenses	\$ 63,375
▶ Local Sales *	\$ 300,000
▶ Food and Beverage *	\$ 100,000
▶ Gasoline Sales *	<u>\$ 100,000</u>
TOTAL	\$ 1,039,663

\* Estimated with tax rates allowable under Home Rule.  
*1% Home Rule Sales Tax 2 cents / Gallon Gas Tax*



# HOME RULE

## Financing Authority

Home Rule would give the city authority to incur debt *for not more than 40 years*.

According to Speer Financial, Home Rule municipalities receive a general increase in credit rating which can result in ½% lower interest rate for long-term borrowing.

**TAKE-AWAY:** 1 Million Dollars **SAVED** over 20 years on a 10 Million Dollar bond



# Infrastructure Budget – Current Needs

## STORM WATER MANAGEMENT – FLOOD CONTROL

- ▶ The 2011 study estimated the total costs to be \$8,746,655 ... and going up



## CURRENT STATUS

- ▶ The City is addressing these needs, but its current budget plan provides only \$ 232,000 this year.

# Infrastructure Budget – Current Needs

## STREET REHABILITATION

- ▶ Pavement Evaluation Study projected costs through 2032 to be \$21,124,700



## CURRENT STATUS

- ▶ The City is addressing these needs, but its current budget plan provides only \$ 1,731,720 this year.

# Arguments *against* Home Rule

- > Concerns about a **property tax** being levied by the City Council
- > **No referendum** for voters to approve or disapprove **new taxes or debts**
- > If Home Rule were abolished, any **debt obligations incurred would remain**
- > Newly elected **officials may misuse Home Rule powers**

*(These points are not exclusive arguments.)*

# Arguments *for* Home Rule

- > Greater ability to receive tax revenues from **non-residents to pay for services they receive from local tax payers.**
- > All of our **surrounding neighbors** are already long-standing **Home Rule communities.**
- > Helps **maintain higher property values** with revenues for flood control and street paving.
- > Locally elected city officials are **even more accountable to local voters** with their increased ability to manage local affairs.

# Address Public Safety *With* Home Rule



## ***Home Rule allows for the creation of a "Crime Free Housing Ordinance"***

It would hold landlords accountable to work with police in addressing potential criminal activities by tenants.

It would allow for the processing of ordinance violations through local adjudication rather than taking them to an already overcrowded Cook County Courthouse.

# What About Property Taxes ?

- > The City line item on last year's property tax bill is @ 4% of the total bill, depending on where the property is located in the city.
- > Of that, @ 75% is repayment of road bonds and 25% is for police pensions.
- > The ***Prospect Heights Fire District*** property tax is nearly 10% of the total bill.



# What About Property Taxes ?

- The Prospect Hts. Library District property tax is 5.3% of the total bill.
- The Indian Trails Library property tax is 4.04% of the total bill.
- The Prospect Hts. Park District property tax is 7.6% of the total bill.
- The Wheeling Park District property tax is 7.7% of the total bill.

## TAXING DISTRICT BREAKDOWN

Taxing District	2017 Tax	2017 Rate	2017 %	Pension	2016 Tax
<b>MISCELLANEOUS TAXES</b>					
Northwest Mosq Abatement Dist Wheeling	2.73	0.010	0.08%		2.58
Metro Water Reclamation Dist of Chicago	109.61	0.402	3.37%	13.36	104.74
Prospect Heights Fire Protection Dist	277.57	1.018	8.55%	44.98	252.56
Indian Trails Public Library Wheeling	131.15	0.481	4.04%	9.81	122.80
Wheeling Park District	229.58	0.842	7.07%	20.44	213.87
<b>Miscellaneous Taxes Total</b>	<b>750.64</b>	<b>2.753</b>	<b>23.11%</b>		<b>696.55</b>
<b>SCHOOL TAXES</b>					
Harper College Comm College 512 Palatine	115.88	0.425	3.57%		107.32
Township HS District 214 (Arlington Hts)	698.83	2.563	21.51%	27.81	651.92
Community Consolidated SD 21 (Wheeling)	1,369.30	5.022	42.16%	49.62	1,281.13
<b>School Taxes Total</b>	<b>2,184.01</b>	<b>8.010</b>	<b>67.24%</b>		<b>2,040.37</b>
<b>MUNICIPALITY/TOWNSHIP TAXES</b>					
Prospect Heights Spec Serv Area 5	16.63	0.061	0.51%		36.63
City of Prospect Heights	118.06	0.433	3.63%	23.99	111.96
Town Wheeling Road Fund	4.09	0.015	0.13%		3.61
General Assistance Wheeling	2.45	0.009	0.08%		2.06
Town of Wheeling	11.72	0.043	0.36%		10.58
<b>Municipality/Township Taxes Total</b>	<b>152.95</b>	<b>0.561</b>	<b>4.71%</b>		<b>164.84</b>
<b>COOK COUNTY TAXES</b>					
Cook County Forest Preserve District	16.90	0.062	0.52%	0.54	16.25
Consolidated Elections	8.45	0.031	0.26%		0.00
County of Cook	89.17	0.327	2.75%	29.99	81.53
Cook County Public Safety	29.72	0.109	0.91%		33.54
Cook County Health Facilities	16.36	0.060	0.50%		22.44
<b>Cook County Taxes Total</b>	<b>160.60</b>	<b>0.589</b>	<b>4.94%</b>		<b>153.76</b>
<b>(Do not pay these totals)</b>	<b>3,248.20</b>	<b>11.913</b>	<b>100.00%</b>		<b>3,055.52</b>



# Prospect Heights East Side



## TAXING DISTRICT BREAKDOWN

Taxing District	2017 Tax	2017 Rate	2017 %	Pension	2016 Tax
<b>MISCELLANEOUS TAXES</b>					
Northwest Mosq Abatement Dist Wheeling	7.96	0.010	0.10%		8.03
Metro Water Reclamation Dist of Chicago	319.99	0.402	3.90%	39.00	326.20
Prospect Heights Fire Protection Dist	810.33	1.018	9.87%	131.34	786.59
Prospect Heights Public Library District	435.41	0.547	5.30%	22.28	437.89
Prospect Heights Park District	624.06	0.784	7.60%	64.47	618.66
<b>Miscellaneous Taxes Total</b>	<b>2,197.75</b>	<b>2.761</b>	<b>26.77%</b>		<b>2,177.37</b>
<b>SCHOOL TAXES</b>					
Harper College Comm College 512 Palatine	338.30	0.425	4.12%		334.24
Township HS District 214 (Arlington Hts)	2,040.15	2.563	24.84%	81.19	2,030.34
Prospect Heights School District 23	2,769.28	3.479	33.72%	104.27	2,734.98
<b>School Taxes Total</b>	<b>5,147.73</b>	<b>6.467</b>	<b>62.68%</b>		<b>5,099.56</b>
<b>MUNICIPALITY/TOWNSHIP TAXES</b>					
City of Prospect Heights	344.67	0.433	4.20%	70.04	348.70
Town Wheeling Road Fund	11.94	0.015	0.15%		11.25
General Assistance Wheeling	7.16	0.009	0.09%		6.43
Town of Wheeling	34.23	0.043	0.42%		32.94
<b>Municipality/Township Taxes Total</b>	<b>398.00</b>	<b>0.500</b>	<b>4.86%</b>		<b>399.32</b>
<b>COOK COUNTY TAXES</b>					
Cook County Forest Preserve District	49.35	0.062	0.60%	1.59	50.62
Consolidated Elections	24.68	0.031	0.30%		0.00
County of Cook	260.30	0.327	3.15%	87.56	253.90
Cook County Public Safety	86.76	0.109	1.06%		104.45
Cook County Health Facilities	47.76	0.060	0.58%		69.90
<b>Cook County Taxes Total</b>	<b>468.85</b>	<b>0.589</b>	<b>5.69%</b>		<b>478.87</b>
<b>(Do not pay these totals)</b>	<b>8,212.33</b>	<b>10.317</b>	<b>100.00%</b>		<b>8,155.12</b>



# Prospect Heights West Side



# PROPERTY TAX CAP RESOLUTION

*The City Council resolution states: “Property Tax Cap. That if, as a result of the referendum, the City of Prospect Heights becomes a home rule unit, the City Council shall abide by the property tax limitations as set forth in the Property Tax Extension Limitation Law (35 ILCS 200/18-185 through 18-245), commonly referred to as the property tax cap. The City shall not exceed the property tax cap unless one of the following occurs:*

*A. The City Council has determined that a bona fide emergency or legal requirement dictates said increase, or*

*B. That an advisory referendum has determined support within the community for said increase.”*



# Has Illinois Home Rule been misused by property taxing powers?

- *Controlling for population size and geographic location, researchers found the following:*
  - The courts or legislature have not seen a need to constrain Home Rule taxing powers.

Source: Banovetz and Albritton study - Northern Illinois University



# Has Illinois Home Rule been misused by property taxing powers?

“86% of the Home Rule  
communities have chosen to retain  
Home Rule when removal of  
Home Rule was on the ballot”

Source: Banovetz and Albritton study – Northern Illinois University



# Has Illinois Home Rule been abolished by municipalities?

Since 1971 only 5 communities state-wide have voted to abolish Home Rule powers: *Rockford, Lisle, Lombard, Villa Park, and Westmont*, when their residents decided it was necessary to do so.



# What can citizens do to address their concerns about Home Rule ?

- > Voters can petition for a referendum to abolish a community's Home Rule status
- > Voters can petition for a referendum if officials are not fiscally responsible as well as sensitive to local tax payers
- > Encourage ALL residents to participate (vote) in local government elections to choose their representatives

# In Conclusion

Nothing is automatic about Home Rule.

YOUR Mayor and Aldermen are residents too, and they would also be personally impacted by any City Council decisions



# In Conclusion

A library of Home Rule information can be found on the City of Prospect Heights website [www.prospect-heights.il.us](http://www.prospect-heights.il.us).

Search “**Home Rule**” on the website’s home page or select the **Government** drop down link at the top of the page and select **Home Rule Information**.