

STAYING INFORMED: A look at the county-wide one-cent sales tax

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ALTON - Supporters of a one-cent sales tax referendum on next Tuesday's ballot across Madison County say it makes sense, while detractors claim it continues to fund what they describe as an "unsustainable" schooling model.

According to onecentmakesense.org - a website created in favor of the County School Facilities Sales Tax (CSFT), or one-cent sales tax - the ballot proposition is "an

alternative revenue source that **shifts AWAY from relying on property taxes** for local school district funding (emphasis: site's)." The measure has been available to Illinois residents to approve since 2007. If passed, an additional one percent sales tax (or one cent on every dollar) will be added to "qualifying retail purchases." As of now, 47 counties in Illinois have passed the tax, and, when it was placed on the November 2016 ballot in eight counties, all eight counties passed the measure.

If it passes, school districts cannot use the additional revenue for just anything. In fact, it would not directly benefit working cash or education funds in any Madison County School District. Those are the funds required for salaries and regular education. If the measure passes, schools would be limited to the following uses for the revenue generated from the sales tax.

- Additions and renovations
- Remodeling school facilities
- Safety and security improvements
- Roof repairs
- Energy efficiency (HVAC, windows, etc.)
- General maintenance
- Paying of building bonds
- Parking lots
- Technology infrastructure
- New construction

The revenue cannot be used for costs such as:

- Salaries and benefits
- Instructional costs
- Textbooks and computers
- Moveable equipment
- School buses
- Operating costs

The following items will also not be taxed if the measure does pass

- Cars, trucks, ATVs, boats and RVs and mobile homes
- Unprepared food
- Medicine (both prescriptions and over-the-counter)
- Farm equipment, parts and inputs
- If it is not currently taxed, it will not be taxed

That information comes directly from One Cent Makes Sense, but it is factual. Despite school districts not being able to use the revenue for transportation and general education - both of which are in dire need of funding in the Riverbend school districts - many of the Madison County school districts have promised to pass along the benefits from the additional (though restricted) revenue to homeowners by vowing to dedicate much of the revenue to reduce property taxes.

If the measure passes, the sales tax will be collected and sent to the Internal Revenue Service, which takes a cut before returning it to the county for equal distribution to all the school districts based on enrollment and population. Given that information, Madison County school districts can expect the following additional revenues, according to One Cent Makes Sense's estimations.

- Alton - \$3.7 million
- Bethalto - \$1.4 million
- Collinsville - \$3.2 million
- East Alton - \$493,860
- East Alton-Wood River - \$302,340
- Edwardsville - \$4.3 million
- Granite City - \$3.5 million
- Highland - \$1.6 million
- Madison - \$384,745
- Roxana - \$1.1 million
- Triad - \$2.1 million
- Venice - \$50,011
- Wood River-Hartford - \$421,685



One Cent Makes Sense's opposition, Madison County Citizens for Sustainable Education, which operates a Facebook group of nearly 100 people, said on March 11, 2017, passing the one percent sales tax is wrong for the following reasons:

- The one percent sales tax increase is NOT (emphasis: theirs) supported by the Edwardsville and Collinsville School Districts, because it will TAKE (emphasis: theirs) money from those communities and move it to other communities in Madison County! (It is true the sales tax will be distributed evenly throughout the county regardless of where taxed items are purchased)
- The one percent sales tax increase will leave Collinsville with some of the highest sales taxes in Illinois. (Collinsville's sales tax rate 8.1 percent, with 6.25 from Illinois, 0.35 percent from the county, 1.25 percent from the city itself and 0.25 percent from "special." If it passes, Collinsville's sales tax would be 9.1 percent, but the majority outside the state will come directly from the city's own taxation.)
- The one percent sales tax increase is being financially supported by large corporations like Stifel Nicholas who will benefit from large construction and financing projects that will be paid from this new tax hike! (As of December 2016, Citizens for Madison County Schools have received \$5,000 from Holland Construction Services, Inc., \$4,000 from Control Technology and Solutions, \$1,500 from the Triad Education Association, and \$1,000 from Alton Band and Orchestra Builders, while the Madison County Citizens for Sustainable Education has accepted \$3,500 in contributions from Erb Equipment Company of Illinois, and \$1,000 from Bold Enterprises Inc.)
- The one percent sales tax increase will result in over \$300 million in new public debt to be financed by this tax increase. (This could not be confirmed, in fact many school districts in Madison County have pledged to utilize revenue to lower debts, and therefore property taxes.)
- Once this sales tax is passed, bonds will be issued that will place a lien on YOUR (emphasis: theirs) property in case the sales tax is not able to pay for the bonds (This is dependent on several factors, and several districts have stated they would seek bond issuance if this measure does not pass.)

The Edwardsville School District is currently seeking a tax increase from property tax owners through Proposition E, which would raise property taxes by as much as 55 cents per every \$100 of equalized assessed values (EAV). That money, unlike the one cent sales tax measure, could be used in badly-needed funds such as working cash and education.

How can this measure save money on property taxes?

Alton School District Financial Director Christopher Norman said in an email, if the CSFT passes, the Alton Board of Education will do the following to reduce sales taxes for homeowners within the district.

"The board of education has passed a resolution stating that at least 50 percent of CSFT revenue will be used to reduce property tax for constituents," he said in an email. "This

amounts to an estimated rate decrease of 26 cents in the tax rate, from \$4.86 to \$4.60 (per every \$100 of EAV), which corresponds to a tax cut of \$86 per year for a \$100,000 home, \$130 per year for a \$150,000 home and \$173 per year for a \$200,000 home."

With the remainder of the CSFT revenue, Norman said the district will do the following:

- Yearly budgeted expenses such as parking lots, sidewalks, roofs and other major repairs - some of which have been delayed for years, due to lack of funds
- Safety features, such as updated video camera systems and improved disabled access in schools
- District Technology Infrastructure such as servers, voice and data networks and classroom presentation equipment
- Improve athletic and fine arts facilities
- Energy efficiency measures
- Consider expansion of existing buildings instead of using "portables."

The Edwardsville School District listed technology upgrades such as security systems and Wi-Fi for the high school and two middle schools on the list of improvements it cannot do unless Proposition E passes, however with more than \$4 million coming from the CSFT, the district could also make those improvements. It could not, however, use it to pay salaries, upgrade textbooks or make more course and extracurricular offerings.

The Bethalto School District also promised to utilize 50 percent of the revenue generated from the one-cent sales tax to lowering property taxes if it passes. According to its fact sheet on One Cent Makes Sense, homeowners in Bethalto can expect an estimated decrease of as much as 35 cents, which translates to a savings of \$117 a year for \$100,000, \$175 for \$150,000, \$233 for \$200,000 and \$292 for \$250,000.

Granite City's school district issued a statement saying the revenue may be used to reduce property taxes during tax years 2018 and 2019 if the measure is passed. If it passes, it may lower property tax rates by as much as 32 cents in 2018 and 11 cents in 2019, which would equate to \$73 in savings over two years for a \$50,000 home, \$146 over two years for a \$100,000 home, \$219 over two years for a \$150,000 home, \$292 over two years for a \$200,000 home and \$365 over two years for a \$250,000 home.

"CSFT revenue could help Granite City avoid the need to sell bonds or take out loans that would cause the school district to incur additional debt and interest costs," the statement said. "Additional debt and interest cost causes property taxes to rise."

The Roxana School District also pledged to utilize 50 percent of the revenue to lower property taxes, which would reduce taxes by \$39.56 for \$100,000 homes, \$59.33 for \$150,000 homes and \$79.11 for \$200,000 homes.

Within five years, the Wood River-Hartford School District stated it would utilize 50 percent of the revenue to reduce property taxes, which may result in savings ranging from \$90-\$180 a year.

"CSFT revenue will also mean that Wood River-Hartford School District would not see a need to sell health/life/safety bonds anytime in the foreseeable future, and possibly pay off existing debt that would allow for savings in interest cost," the district stated.