
**VILLAGE OF SUGAR GROVE
BOARD REPORT**

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES
FROM: MATT ANASTASIA, FINANCE DIRECTOR
SUBJECT: RESOLUTION: APPROVING 1% GROCERY TAX
AGENDA: APRIL 15, 2025 REGULAR BOARD MEETING
DATE: APRIL 11, 2025

ISSUE

Shall the Village Board approve a Resolution approving a 1% Grocery Retailers' Occupation Tax and a Municipal Grocery Service Occupation Tax.

DISCUSSION

At Budget Workshop #1 held at the Board meeting on February 18th, the Ordinance for the 1% Grocery Tax was presented in the fiscal year 2025-2026 budget. This 1% Grocery Tax is not an additional tax to Sugar Grove, this grocery tax is currently imposed by the State of Illinois and is being removed by the Governor. The State of Illinois does not receive any funds from this grocery tax, so there was no negative impact to the State with this removal. This removal would affect local governments solely. The grocery tax has been approved to end January 1, 2026, unless the Local Government passes an Ordinance approving the 1% grocery tax to continue.

The Village estimated a loss in revenue over \$200,000 if this is not approved and continued, negatively affecting the General Fund budget. To have no disruption in the tax collection, this must be approved by the Village Board and submitted to the Illinois Department of Revenue prior to October 1, 2025, to be in effect for January 1, 2026.

This is not a new tax to Sugar Grove; this is simply a status quo as it has been in Illinois. No taxes are being increased.

COST

The passage of the 1% Grocery Tax would have no affect on the proposed budget. If the Ordinance is not approved, the General Fund budget would lose an estimated \$200,000 in funds.

RECOMMENDATION

That the Village Board approve Ordinance 20250415G Implementing a Municipal Grocery Retailers' Occupation Tax and a Municipal Grocery Service Occupation Tax of 1% Effective January 1, 2026.



**VILLAGE OF SUGAR GROVE
KANE COUNTY, ILLINOIS**

Ordinance No. 20250415G

**An Ordinance Implementing a Municipal Grocery Retailers' Occupation Tax and a
Municipal Grocery Service Occupation Tax
Village of Sugar Grove,
Kane County, Illinois**

Adopted by the
Board of Trustees and President
of the Village of Sugar Grove
this 15th day of April 2025.

Published in Pamphlet Form
by authority of the Board of Trustees
of the Village of Sugar Grove, Kane County,
Illinois, this 15th day of April 2025.

ORDINANCE 20250415G

An Ordinance Implementing a Municipal Grocery Retailers' Occupation Tax and a Municipal Grocery Service Occupation Tax For the Village of Sugar Grove

WHEREAS, the Illinois Municipal Code, 65 ILCS 5/1-2-1, provides that the corporate authorities of each municipality may pass all ordinances and make all rules and regulations proper or necessary, to carry into effect the powers granted to municipalities, with such fines or penalties as may be deemed proper; and,

WHEREAS, the Village of Sugar Grove ("Village") is a non-home rule Illinois municipality pursuant to the Constitution of the State of Illinois of 1970, as amended; and,

WHEREAS, Section 8-11-24 of the Illinois Municipal Code provides that, effective January 1, 2026, all Illinois municipalities may impose a tax "upon all persons engaged in the business of selling groceries at retail in the municipality" (the "Municipal Grocery Tax") (65 ILCS 5/8-11-24); and,

WHEREAS, Section 8-11-24 of the Illinois Municipal Code provides that the Municipal Grocery Tax may be imposed "at the rate of 1% of the gross receipts from these sales" (65 ILCS 5/8-11-24); and,

WHEREAS, Section 8-11-24 of the Illinois Municipal Code further provides that any Municipal Grocery Tax shall be administered, collected and enforced by the Illinois Department of Revenue ("IDOR") (65 ILCS 5/8-11-24); and,

WHEREAS, Section 8-11-24 of the Illinois Municipal Code requires any municipality imposing a Municipal Grocery Tax to also impose a Municipal Grocery Service Occupation Tax at the same rate, "upon all persons engaged, in the municipality, in the business of making sales of service, who, as an incident to making those sales of service, transfer groceries" as "an incident to a sale of service" (the "Municipal Grocery Service Occupation Tax") (65 ILCS 5/8-11-24); and,

WHEREAS, any Municipal Grocery Service Occupation Tax shall be administered, collected and enforced by IDOR; and,

WHEREAS, the President and Board of Trustees of the Village ("Corporate Authorities") believe that it is appropriate, necessary and in the best interests of the Village and its residents, that the Village levy a Municipal Grocery Retailers' Occupation Tax as permitted by Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24); and,

WHEREAS, the Corporate Authorities of the Village believe that it is appropriate, necessary and in the best interests of the Village and its residents, that the Village levy a Municipal Grocery Service Occupation Tax as permitted by Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24); and,

NOW, THEREFORE, be it ordained, by the President and Board of Trustees of the Village of Sugar Grove as follows:

Section 1. Incorporation of Recitals. The foregoing recitals shall be and are hereby incorporated as findings of fact as if said recitals were fully set forth herein.

Section 2. Municipal Grocery Retailers' Occupation Tax Imposed. A tax is hereby imposed upon all persons engaged in the business of selling groceries at retail in the Village at the rate of 1% of the gross receipts from such sales made in the course of such business while this Ordinance is in effect. The imposition of this tax is in accordance with and subject to the provisions of Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24).

Section 3. Municipal Grocery Service Occupation Tax. A tax is hereby imposed upon all persons engaged in the Village in the business of making sales of service, who, as an incident to making those sales of service, transfer groceries as an incident to a sale of service. The rate of this tax shall be the same rate identified in Section 2 above. The imposition of this tax is in accordance with and subject to the provisions of Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24).

Section 4. Illinois Department of Revenue to Administer Both Taxes. The taxes hereby imposed, and all civil penalties that may be assessed as an incident thereto, shall be collected and enforced by IDOR. IDOR shall have full power to administer and enforce the provisions of this Ordinance.

Section 5. Clerk to file Ordinance with Illinois Department of Revenue. As required under Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24), the Clerk is hereby directed to file a certified copy of this Ordinance with IDOR on or before October 1, 2025.

Section 6. Effective Date. The taxes imposed by this Ordinance shall take effect on the later of: (i) January 1, 2026; (ii) the first day of July next following the adoption and filing of this Ordinance with the Department of Revenue, if filed on or before the preceding April 1st; or, (iii) the first day of January next following the adoption and filing of this Ordinance with the Department of Revenue, if filed on or before the preceding October 1st.

Section 7. Repeal of Conflicting Provisions. All ordinances, resolutions and policies or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of the conflict, expressly repealed on the effective date of this Ordinance.

Section 8. Severability. If any provision of this Ordinance or application thereof to any person or circumstances is ruled unconstitutional or otherwise invalid, such invalidity shall not affect other provisions or applications of this Ordinance that can be given effect without the invalid application or provision, and each invalid provision or invalid application of this Ordinance is severable.

Section 9. Headings/Captions. The headings/captions identifying the various sections and subsections of this Ordinance are for reference only and do not define, modify, expand or limit any of the terms or provisions of the Ordinance.

Section 10. Publication. The Clerk is directed by the corporate authorities to publish this Ordinance in pamphlet form in accordance with Section 5/1-2-4 of the Illinois Municipal Code (65 ILCS 5/1-2-4). This Ordinance shall be in full force and effect as provided in Section 6 hereof.

PASSED AND APPROVED by the President and Board of Trustees of the Village of Sugar Grove, Kane County, Illinois this 15th day of April 2025.

Jennifer Konen
President of the Board of Trustees
of the Village of Sugar Grove, Kane County, Illinois

	Aye	Nay	Absent	Abstain
Trustee Heidi Lendi	_____	_____	_____	_____
Trustee James F. White	_____	_____	_____	_____
Trustee Sean Herron	_____	_____	_____	_____
Trustee Matthew Bonnie	_____	_____	_____	_____
Trustee Michael Schomas	_____	_____	_____	_____
Trustee Sean Michels	_____	_____	_____	_____

ATTEST: _____
Tracey Conti
Clerk, Village of Sugar Grove