

Responses to Village Council Questions June 17, 2025

Manager's Report [REP 2025-10814](#) A. Report: Long Range Planning Discussion

1. *Please provide an explanation of Local Use Tax.*

The [Illinois Department of Revenue defines Local Use Tax](#) as, “a tax imposed on the privilege of using, in Illinois, any item of tangible personal property that is purchased anywhere at retail.” Examples of when this tax is applicable include:

- out-of-state vendors make retail sales to Illinois businesses or consumers;
- Illinois consumers purchase tangible personal property at retail from out-of-state, unregistered retailers for use in Illinois without paying tax to the retailer; or
- Illinois businesses withdraw tangible personal property from their sales inventories for their own use. In this instance, at the time the item was purchased, the business did not pay tax to the vendor because it purchased the item for resale purposes

2. *Please explain the recent changes to Local Use Tax as it relates to Sales Tax and Home Rule Sales Tax.*

The State's change to Local Use Tax and its distribution changed in 2025. This change shifted goods that were previously taxed by Local Use Tax to being taxed through State Sales Tax and Home Rule Sales Tax. The impact on VoDG was higher revenues through Combined Sales Tax compared to Local Use Tax distribution.

Prior to change in Local Use Tax:

1. A Downers Grove resident made a purchase from an out-of-state retailer.
2. The retailer remits the tax to the Illinois Department of Revenue.
3. The Illinois Department of Revenue distributes these revenues as Local Use Tax using a per capita formula.

After change to Local Use Tax:

1. A Downers Grove resident made a purchase from an out-of-state retailer.
2. The retailer remits the tax to the Illinois Department of Revenue.
3. The Illinois Department of Revenue distributes these revenues as Sales Tax based on jurisdiction where point of sale takes place.

The graph below shows the combined performance of Sales Tax, Home Rule Sales Tax and Local Use Tax in 2023 through 2025.

Retail Related Revenues 2023 - 2025
Sales, Home Rule and Local Use Taxes Combined



3. *Are Elmhurst, Glen Ellyn, Wheaton, Westmont and Naperville currently considering changes to their Home Rule Sales Tax, Non-Home Rule Sales Tax or Food and Beverage Tax?*

Westmont increased their Non-Home Rule Sales Tax from 0.5% to 1.0%, effective July 1, 2025. Naperville may consider increasing its Home Rule Sales Tax rate if they decide not to enact a local grocery tax. Wheaton may explore changes to their revenue sources as part of their FY26 Budget process which starts in August. Elmhurst and Glen Ellyn are not currently considering changes.

4. *Does the Village collect taxes on Cable subscriptions? If so, can you share what the trend of that revenue has been doing over the last five years?*

The Village collects cable franchise fees from AT&T and Comcast. These fees are compensation for the usage of the Village's rights-of-way. A chart showing the trend of the past five years of this revenue is shown below.

