

Board considers utility tax rate increase

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For the second time in two years, Olympia Fields officials may raise the village's utility tax rate to compensate for a loss in revenue.

During a Monday village board meeting, officials discussed a proposed ordinance that could increase the village's utility tax rate from 3 to 5 percent. The rate was increased from 1 to 3 percent about this time last year. Trustees will consider the proposed increase on March 12, officials said.

On Monday, Trustee Willis Ryza said he has "serious reservations" about increasing the surcharge. "It's not a timely coincidence," Ryza said. "I think we should wait until the end of the year and see how the last increase worked out.

"Village President Linzey Jones said Ryza made a good point, but noted that an increase would keep the village from having to dip too severely into its reserve fund. "We know we will have to dip into the surplus this year, it's just a matter of how much," Jones said. "This could be a tremendous subsidy to providing services to residents."

Currently, the village is predicting a deficit of about \$70,000 for fiscal year 2001-02, which ends on April 30. If the board adopts a utility tax rate increase by the end of March, it would take up to 90 days to show up on taxpayers' bills, Jones said. The rate increase would begin with the new fiscal year on May 1. Jones said.

An increase should generate between \$150,000 and \$200,000 for the village, Jones said. Jones said the board has not yet calculated exactly how much an increase from 3 to 5 percent would add onto an average taxpayer's bill.

But the village's portion of real estate tax combined with an increased utility tax would be about \$500 on an average taxpayer's bill, according to Jones. For \$500 a year, residents would receive village services that range from police and fire protection to snow removal and other public works jobs, Jones said.

"It's a perspective that we should ask residents to keep in mind," Jones said. Ryza said the utility tax was meant to be a "revenue neutral" tax to compensate for the elimination of a vehicle sticker fee about six years ago. The vehicle sticker tax was eliminated because of numerous scofflaws, officials said.

Adopted in 1996, the utility tax was reduced from 1.5 to 1 percent the next year to generate about \$90,000, the amount that would have come from vehicle sticker purchases. Trustee Albert Riley noted that policies change over time.

"The situation is different now than it was almost 10 years ago," he said. Riley, the board's financial liaison, said documents already indicate that — although last year's utility tax increase has not come to completion — the current rate is not generating enough revenue for the village.

Jones said there are primarily two reasons why last year's increase has not brought in more revenue for the village. Cook County was slow in putting the increase on taxpayers' bills, and the reduced cost and consumption of utilities has diminished revenue, Jones said.

For fiscal year 2001-02, the utility tax revenue is down about 50 percent compared to projections, Jones said. Sales tax revenue is down slightly compared to projections, he said. Sales tax revenue in the past has been down 40 percent, or about \$400,000, Jones said.

The decrease is due to the loss of new car dealerships. Ryza said he fears the village could exhaust its revenue sources for future needs. Ryza said the village could dip into its surplus for this year and see if a utility tax increase is needed next year. "If it showed that we needed it, I might be in favor of an increase in the future," Ryza said.

Jones said there will be additional discussion during the March 12 meeting. "We will have to make a decision," Jones said, "Because this drives the budget. "Olympia Fields staff members currently are working out budget figures for 2002-03.

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