

CITY OF AURORA 1% GROCERY TAX PROPOSAL

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BACKGROUND

- **In 1990, the State of Illinois enacted a 1% tax on groceries**
 - The revenue was collected by the State, but distributed to local governments, serving as a consistent and reliable funding source to support local government operations and essential services.
- **In August of 2024, Governor JB Pritzker signed legislation that, in January of 2026, Illinois will no longer collect the revenue that has long provided essential funding to local governments.**
- Now, municipalities must either **take action** by October 1, by passing a local grocery tax, or permanently lose this vital source of funding.

IMPORTANT THINGS TO KNOW

- This is not a new tax.
- The State is now **shifting** the implementation of this revenue to municipalities.
- Allows communities to administer and sustain this stable, long-term funding source for local programs and projects.
- **If approved, the tax will continue as it has since 1990,** but will instead be collected by the City of Aurora, not the State of Illinois.

POTENTIAL EFFECTS ON AURORA

- By not implementing a 1% local grocery tax, the City of Aurora would lose approximately **\$4.5 million per year.**
- The tax revenue funds critical services, such as public safety, road maintenance, public works, community programs, and environmental services.

Things to consider

- The City is already experiencing a **\$4.3 million yearly loss of revenue** due to the 2020 Census undercount.
- The City could experience an **\$8.8 million yearly revenue loss** by not exercising the 1% grocery tax and the Census undercount.

NEIGHBORING MUNICIPALITIES

- As of June 17th, **225 municipalities** across Illinois have passed ordinances to continue the grocery tax locally.
- Montgomery, Yorkville, North Aurora, Batavia, and Sandwich, among surrounding communities, to implement a local grocery tax.
- Without this essential revenue, these municipalities and others would face difficult decisions, including cutting services or seeking alternative funding sources.

STAFF RECOMMENDATION: IMPLEMENT A 1% LOCAL GROCERY TAX

- A local grocery tax in Aurora would provide approximately **\$4.5 million per year in revenue**, helping to fund critical City services.
- The tax is collected from **everyone** who shops in the community, **including non-residents**. This broad reach helps share the cost of funding local services, reducing pressure on property taxes.
- Investing these local tax dollars back into the community supports day-to-day services that residents rely on.
- By not implementing the tax, the City would face having to cut critical services, and would add to the City's already lost Census revenue.