



SALES TAX PROPOSAL FOR 2006 BUDGET

BEGINNING JANUARY 1, 2006, NON-HOME RULE COMMUNITIES WERE GIVEN THE AUTHORITY BY THE ILLINOIS STATE LEGISLATURE TO ASSESS A 1% SALES TAX FOR PURPOSES OF PUBLIC INFRASTRUCTURE OR PROPERTY TAX RELIEF OR BOTH. THIS TAX MUST BE PASSED VIA A VOTER-APPROVED REFERENDUM.



BENEFITS OF SALES TAX PROPOSAL

- **PROVIDES FOR A “PAY-AS-YOU-GO” CAPITAL FINANCING PLAN FOR CAPITAL PROJECTS AND CAPITAL EQUIPMENT THAT IS SUSTAINABLE AND DEPENDABLE**
- **INCREASES FUNDING FOR CAPITAL PROJECT NEEDS**
- **REDUCES THE TAX BURDEN ON CITY RESIDENTS BY HAVING NON-RESIDENTS WHO UTILIZE OUR SERVICES AND INFRASTRUCTURE PAY THEIR FAIR SHARE FOR CAPITAL PROJECTS AND EQUIPMENT. 35% OF SALES INCOME GENERATED COMES FROM NON-RESIDENTS**
- **INCREASES FUNDING FOR CAPITAL EQUIPMENT NEEDS BY FREEING UP GENERAL FUND REVENUES**
- **ELIMINATES CITY DEBT ON PROPERTY TAX RATE BY 2016, THEREBY REDUCING THE CITY’S PROPERTY TAX BURDEN ON HOUSEHOLDS AND BUSINESSES**
- **ELIMINATES THE VEHICLE STICKER PROGRAM BEGINNING IN 2007**



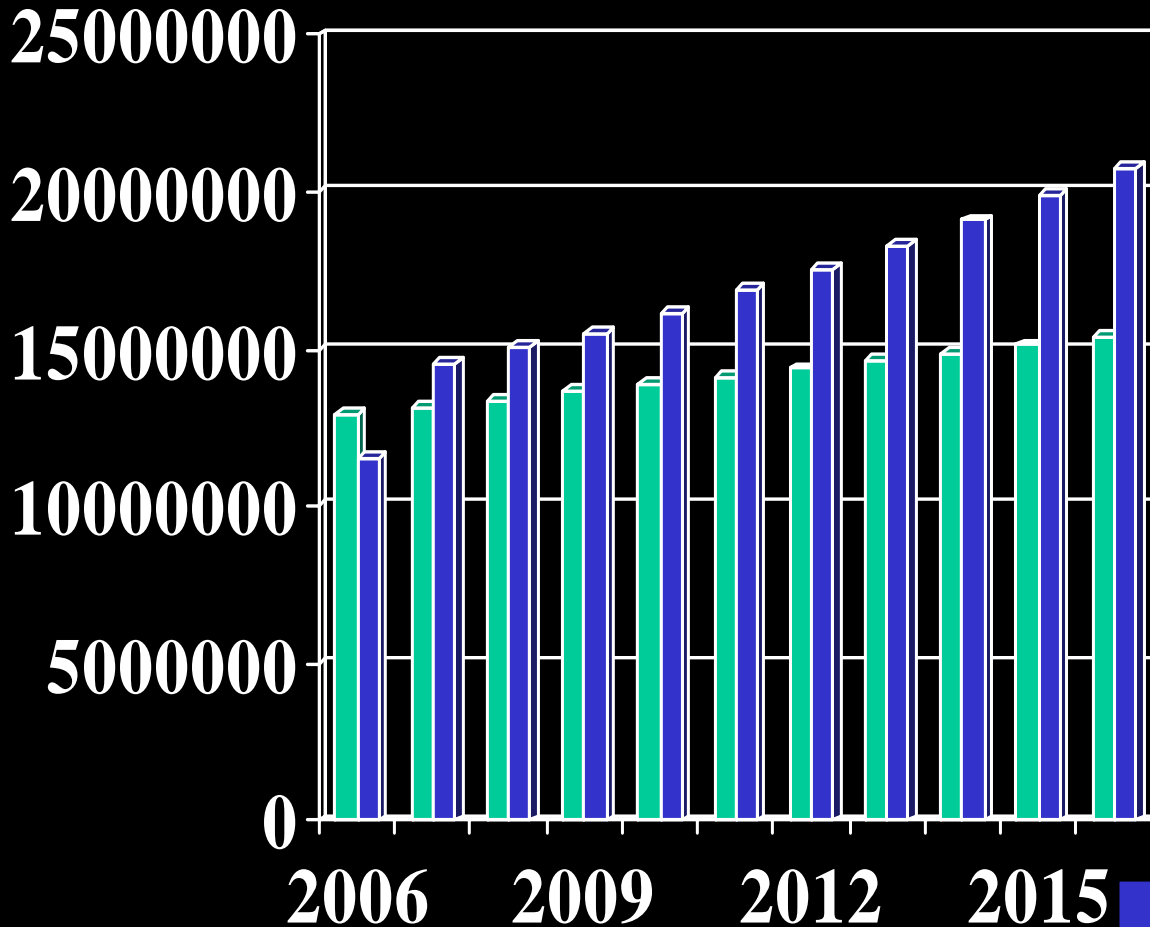
EXCLUDED ITEMS FROM 1% SALES TAX

- **Personal property which is titled by the State of Illinois (cars, boats, etc.)**
- **Food (other than that prepared for immediate consumption)**
- **Prescription and nonprescription medicines, drugs, medical appliances, etc.**



CAPITAL PROJECT ANALYSIS

"PAY-AS-YOU-GO"



\$155,445,000 thru 2016

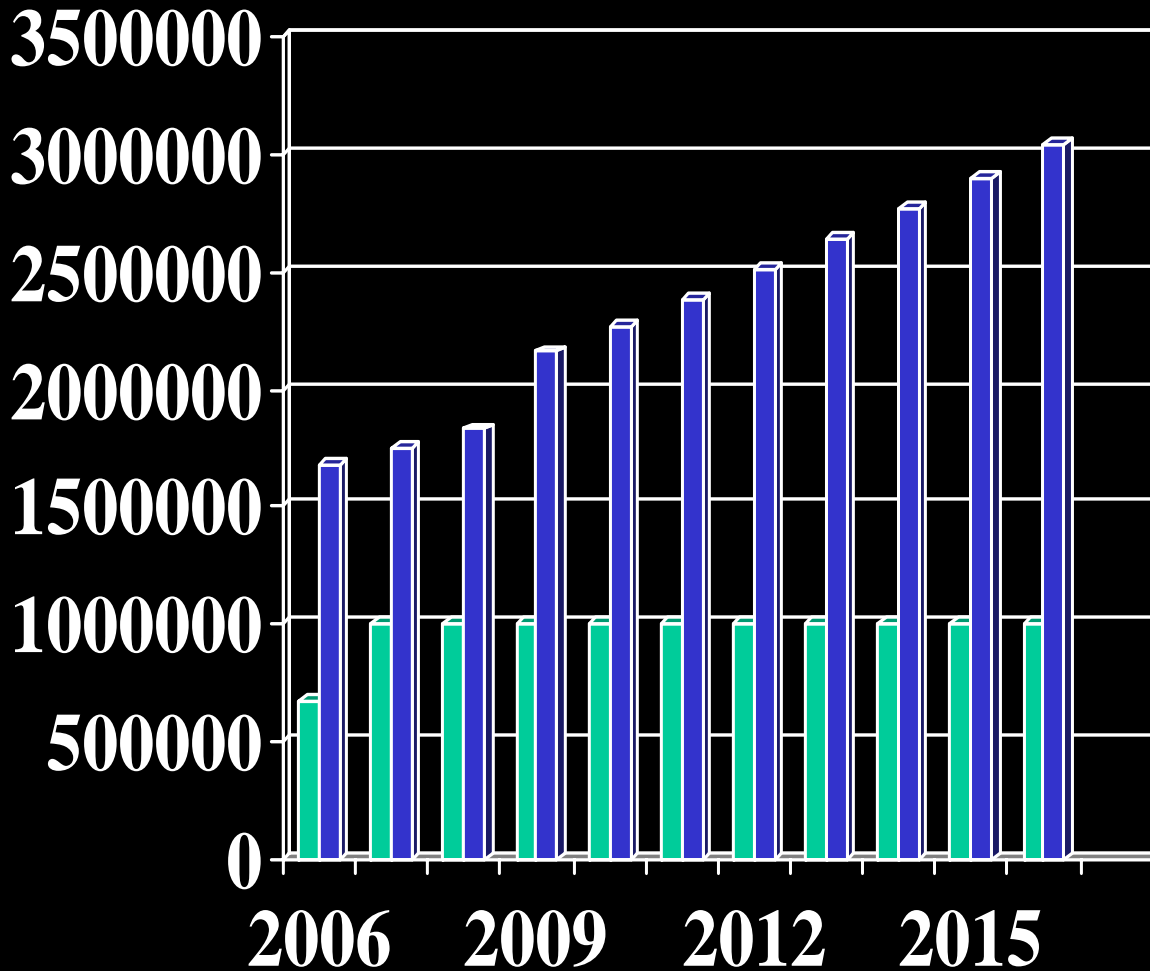
- Existing Capital Budget (Bonds & MFT)
- Proposed Capital Budget (Sales Tax & MFT)

\$185,309,000 thru 2016





CAPITAL EQUIPMENT ANALYSIS

"PAY-AS-YOU-GO"



\$10,675,000 thru 2016

-  Existing Capital Equipment Budget
-  Proposed Capital Equipment Budget

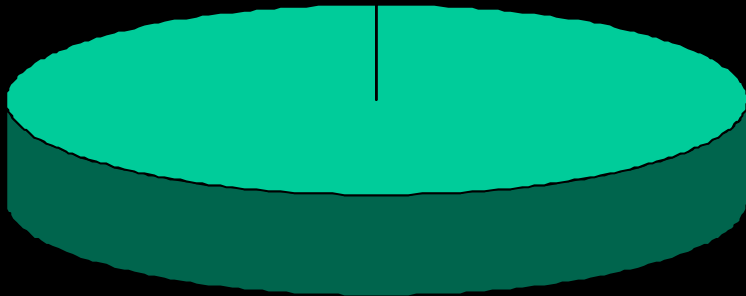
\$25,935,000 thru 2016



WHO HAS THE BURDEN OF PAYING FOR CAPITAL PROJECTS AND EQUIPMENT?

CURRENT SCENARIO

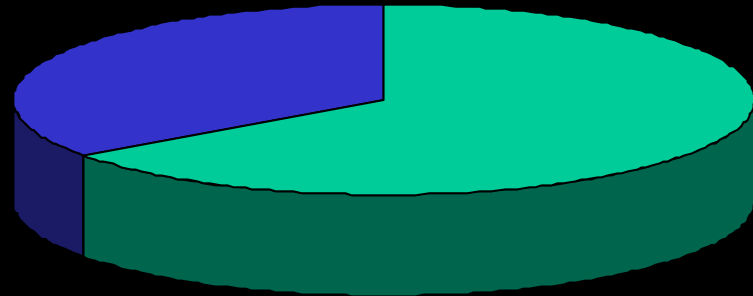
ROCKFORD TAX PAYER



100% BURDEN

SALES TAX OPTION

ROCKFORD TAX PAYER



65% BURDEN

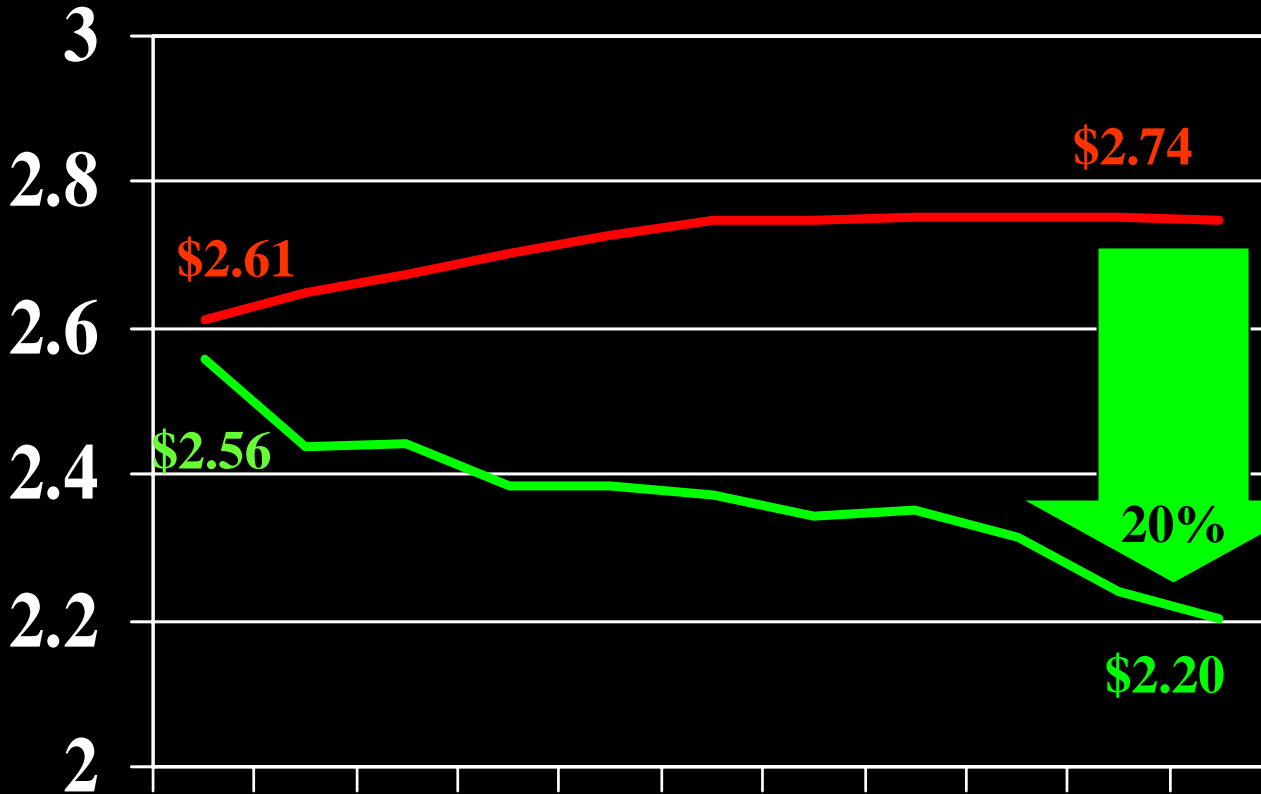
THROUGH 2016, APPROXIMATELY \$69 MILLION IN REVENUE WOULD BE RAISED FROM NON-CITY RESIDENTS TO HELP PAY FOR CITY OF ROCKFORD CAPITAL PROJECTS AND EQUIPMENT AND PROPERTY TAX RELIEF!



PROPERTY TAX RELIEF FOR CITIZENS AND BUSINESSES

Existing Property Tax Rate Proposed Property Tax Rate w/Sales Tax

CITY PROPERTY TAX RATE



2006

2008

2010

2012

2014

2016

20%

\$2.20

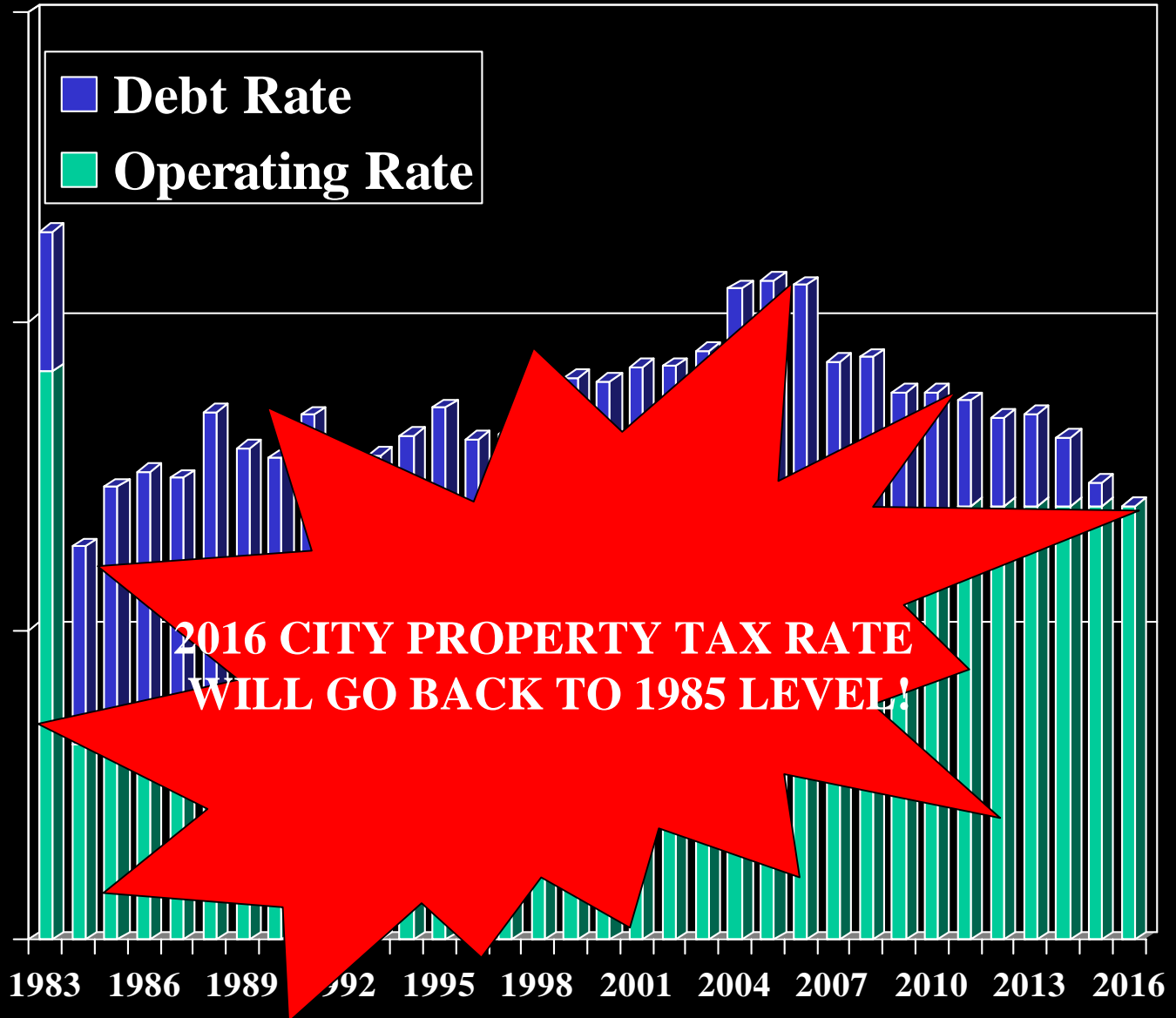
\$2.61

\$2.56

\$2.74



BACK TO OUR CITY'S FUTURE...





**CITY OF ROCKFORD PROPOSITION TO IMPOSE A 1%
NON-HOME RULE MUNICIPAL RETAILER'S
OCCUPATION TAX, USE, AND SERVICE TAX, AT THE
GENERAL PRIMARY ELECTION TO BE HELD ON
MARCH 21, 2006**

Shall the City of Rockford, Illinois
impose a 1% Non-Home Rule
Municipal Retailer's Occupation
Tax, Use, and Service Tax for
infrastructure costs and property tax
relief?

YES



NO





ELIMINATION OF VEHICLE STICKER PROGRAM

(BEGINNING IN 2007)

- **EXTREMELY LABOR INTENSIVE ACTIVITY TO RAISE \$1.3 MILLION IN REVENUE**
- **ELIMINATION OF PROGRAM FREES UP POLICE DEPARTMENT AND FINANCE DEPARTMENT TO DO OTHER ACTIVITIES**
- **ENFORCEMENT OF VEHICLE STICKER COMPLIANCE IS EXTREMELY DIFFICULT AND INEQUITABLE**



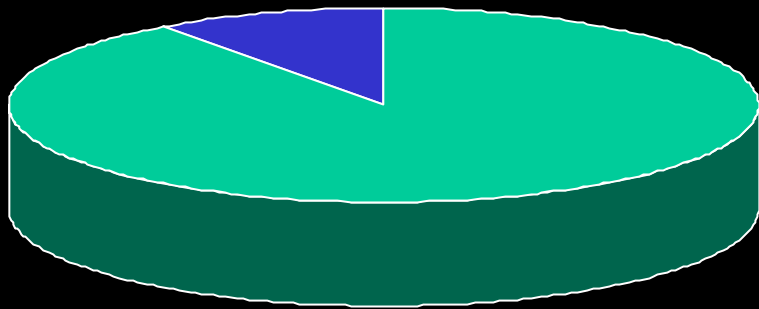
ROCKFORD CITIZENS GETTING MORE, PAYING LESS

BUSINESS AS USUAL OPTION

TOTAL COST TO ROCKFORD RESIDENTS

2006-2016

\$144,099,404



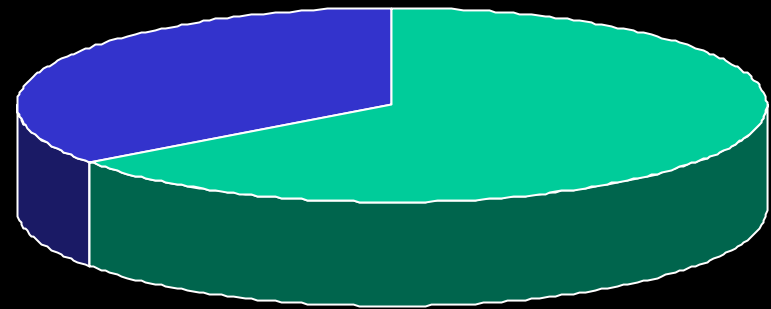
- Debt Service Payments (Rockford Residents)
- Vehicle Sticker Payments (Rockford Residents)

SALES TAX OPTION

TOTAL COST TO ROCKFORD RESIDENTS

2006-2016

\$133,543,433



- Sales Tax (Rockford Residents)
- Sales Tax (Non-Rockford Residents)



WHAT'S THE END RESULT WITH A SUCCESSFUL PASSAGE OF THE 1% SALES TAX REFERENDUM?

- CAPITAL PROJECT SPENDING IS INCREASED ALMOST \$30 MILLION FROM 2006-2016, A 19% INCREASE OVER THE EXISTING CAPITAL FINANCING PLAN IN PLACE TODAY. THE PROPOSED CAPITAL PROJECT PLAN IS A PAY-AS-YOU-GO AND DEBT FREE
- CAPITAL EQUIPMENT SPENDING IS INCREASED BY \$15.3 MILLION FROM 2006-2016, A 143% INCREASE OVER THE EXISTING CAPITAL EQUIPMENT FINANCING PLAN. THE PROPOSED CAPITAL EQUIPMENT PLAN IS PAY-AS-YOU-GO AND DEBT FREE
- ROCKFORD RESIDENTS AND BUSINESSES WILL RECEIVE A 20% REDUCTION IN THEIR CITY'S PROPERTY TAX BILL FROM 2006-2016, ELIMINATING ALL DEBT ON THE CITY'S PROPERTY TAX RATE
- ROCKFORD TAXPAYERS WILL PAY \$1 MILLION DOLLARS LESS ANNUALLY FOR THE PROPOSED CAPITAL PLAN BECAUSE THE BURDEN OF PAYING FOR SERVICES AND INFRASTRUCTURE IS SHIFTED TO NON-RESIDENTS
- BEGINNING IN 2007, VEHICLE STICKERS WOULD BE ELIMINATED