

## Non-Home Rule Sales Tax Referendum – Frequently Asked Questions

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**What is non-home rule sales tax?**

The Village of New Baden is a non-home rule municipality (population under 25,000). A non-home rule municipality may impose a sales tax on certain retail merchandise sold within the corporate limits for the purpose of public infrastructure or property tax relief.

**Are there kinds of sales that are *not* subject to this tax?**

Yes, non-home rule sales tax does not apply to the sales of

- tangible personal property that is titled or registered with an Illinois state agency, (e.g., cars, trucks, boats, motorcycles, trailers, snowmobiles, aircraft), and
- food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food which has been prepared for immediate consumption), and prescription and non-prescription medicines, drugs, and medical supplies.

**Is voter approval required before implementation?**

Yes, voter approval is required.

**What tax rate can be imposed?**

Non-home rule sales tax may be imposed only in  $\frac{1}{4}$  percent increments and may not be imposed for more than 1 percent.

**What is the proposed tax rate?**

Voters will be asked to approve a rate of up to 0.50%. New Baden currently has a non-home rule sales tax rate of 0.25% that was approved by the voters in April 2009. Therefore, the proposed increase in the non-home rule sales tax is 0.25%. This amounts to an additional 1 cent for every \$4 spent.

**How much revenue will the non-home rule sales tax generate?**

The Village generates approximately \$50,000 annually from the current 0.25% non-home rule sales tax. If voters approve an increase to 0.50%, this amount will double, to approximately \$100,000 annually.

**What does the Village intend to do with additional revenue?**

The Village intends to use the additional revenue from the non-home rule sales tax on public infrastructure projects.