



## Village of Lincolnwood Finance Committee

*Meeting*

**Thursday, December 9, 2021**

**6:00 PM**

*in the*

**Village Board Council Chambers  
Lincolnwood Village Hall  
6900 Lincoln Avenue**

### Meeting Agenda

- 1. Call to Order/Quorum Declaration**
- 2. Minutes Approval**
  - a. *Minutes of November 15, 2021 meeting*
- 3. Continued Discussion on New Revenue**
  - a. *Amusement Tax*
  - b. *Self-Storage Facility Tax*
- 4. Sales Tax Revenue**
- 5. Public Forum**
- 6. Other Business**
- 7. Adjournment**

Date Posted: December 3, 2021



**Finance Committee Meeting Minutes**

November 15, 2021

Village Hall Council Chambers

6900 North Lincoln Avenue

Lincolnwood, Illinois 60712

**Committee Members Present**

Craig Klatzco, Chair  
Atour Sargon  
Mohammed Saleem (6:17 P.M.)

**Committee Members Absent**

**Others Present**

Anne Marie Gaura, Village Manager  
Denise Joseph, Finance Director  
Karen Hawk, Parks and Recreation Director  
Maria Martinez, Accountant  
Charles Meyer, Assistant Village Manager

**I. Call to Order/Quorum Declaration**

- a. Trustee Klatzco called the Finance Committee to order at 6:07 P.M., Monday, November 15, 2021 in the Council Chambers of the Municipal Complex, 6900 North Lincoln Avenue, Village of Lincolnwood, County of Cook and the State of Illinois. A quorum was present.

**II. Minutes Approval**

- a. The Minutes of the March 23, 2021 Finance Committee were reviewed. Trustee Klatzco moved to approve the minutes. Trustee Sargon seconded the motion. The motion passed with a voice vote.

**III. Review of Financial Policies**

Trustee Sargon noted that the Minutes reflected a Transfer Tax was discussed and asked if that would be something the Village would be able to look at in the future.

Trustee Klatzco said that the Transfer Tax had been tabled but it could be brought back.

Trustee Klatzco stated that he saw that the Village had received reimbursement for legal fees for the payment from Tucker Development and said that with the extra cost at the pool there was a need to come up with an additional \$100,000 for the pool. Trustee Klatzco continued that this

## **DRAFT**

was something he was speaking to Finance Director Joseph on and to budget some of that money that was received could be included or covered for with the Village.

Village Manager Gaura stated the fees for legal costs were a pass through and the Village was not out monetarily for the legal fees.

Trustee Sargon said that with the Transfer Tax it was something that she saw was common with other communities and wanted to see if in the future if it could be something that the Finance Committee could review in the future.

Finance Director Joseph noted that the Transfer Tax would have to be approved via referendum.

Trustee Klatzco stated that he saw that he was being charged by Amazon for local taxes and asked if the Village is receiving that tax?

Finance Director Joseph said that the Village is receiving a portion of the revenue.

### *III. a. Property Tax Levy and 2021 Draft Levy Estimates*

Finance Director Joseph presented an overview of the structure for the Property Tax Levy via PowerPoint.

Trustee Klatzco asked if there was a way to levy just for the Police Pension as a separate line item in the Tax Levy. Trustee Klatzco continued that the Village has been providing additional revenue via the General Fund with the \$200,000 from the Motor Fuel Tax, but we need to work towards better funding of the Police Pension Fund.

Finance Director Joseph stated that she would check with the Village Attorney in regards to if and how that would be possible to create a separate line item in the Tax Levy for the Police Pension Fund.

Trustee Sargon stated that she was in support of properly funding the Police Pension Fund but being conscientious about any increases in taxes being a further burden on residents.

Finance Director Joseph stated that the additional money from the General Fund was above and beyond the actuarial requirement and that the Village was meeting the Police Pension Fund obligations but the General Fund contribution was an extra amount.

Trustee Sargon added that the Village has been meeting the obligations for the Police Pension Fund, but the contribution from the General Fund should be reviewed.

Trustee Saleem asked for the background for the extra contribution for the \$200,000 in the gas tax and how long it was designed to be in place funding the Police Pension Fund?

Assistant Village Manager Meyer provided a summary of the history for the gas tax and stated that an end date for the additional contribution was never established.

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The consensus of the Finance Committee was to have the Actuaries or a memorandum from the Actuaries at a future Finance Committee meeting to discuss the funding for the Police Pension Fund or a memorandum addressing points raised by the Finance Committee.

Trustee Saleem asked what the additional contributions made by the Village will do to help get to the 90% Funding Ratio by 2040.

Village Manager Gaura stated that the Actuary's information regarding the questions raised by the Finance Committee will be available at the next meeting, but asked if the Finance Committee would want to adjust Financial Policy in regards to adherence with the Property Tax Extension Law Limit (PTELL).

Trustee Sargon said that she would want to have this discussed as part of the overall Budget because they would want to know what the revenues and expenses are to determine if the property tax needs to be increased. Trustee Sargon said that the PTELL-related policy has served the Village well but would want it to be a larger conversation for the entire Village Board.

Village Manager Gaura stated that this would be something that could be presented to the Village Board and lay the groundwork for a future year. Village Manager Gaura continued that this is not something that needs to be rushed.

Trustee Sargon recommended that the Property Tax estimate of \$6,027,082 be used for the Public Hearing and notices. It was seconded by Trustee Klatzco. The motion was approved via a voice vote.

### *III. b. Building Permit Revenue*

Finance Director Joseph presented the discussion regarding Building Permit revenue and staff's recommendation that a portion of Building Permit revenue be held in a liability account for larger projects to utilize one-time large-scale project revenue to assist with funding review and regulatory operations related to those projects over their multiple years of construction. This would allow the Village to utilize funds from the liability account to be used for expenses related to continue projects / expenses for the large scale project such as the District 1860 site. Finance Director Joseph clarified that it is a liability fund from an accounting perspective so that it does not count as revenue in future years.

Village Manager Gaura stated that the funds received from the District 1860 building permit will be used from Fiscal Year 2022 to fund expenses for SAFEBuilt related to this project until its completion if this policy is approved by the Village Board.

Trustee Saleem asked to confirm that the SAFEBuilt will be using specialists for this project and that it would be covering the whole bandwidth of potential inspections.

Village Manager Gaura stated that SAFEBuilt will be covering all services for the inspections.

Trustee Sargon noted that she did not want to have a reduction of services and emphasis to increase the speed in which permits are being addressed.

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Village Manager Gaura stated that the Village is addressing these concerns regarding services through Community Development with the following initiatives: moving Community Development into a better space; addition of a Building Official; having HRGreen review our process; and, have Accela brought online for residents with the possibility of it being handled by a different entity in the future.

Village Manager Gaura added that the Village will be looking at the engineering side as well to address the speed in which engineering-related aspects of permits are reviewed and seeing if the Village can have that aspect of the permit process reviewed internally by staff.

Trustee Sargon made a motion to recommend the Financial Policy as drafted allowing one-time increases in building permit revenue to be dedicated to pay for costs incurred from larger scale private projects. Trustee Klatzco seconded the motion. The motion was approved via a voice vote.

### *III. c. Village Legal Appropriations and Budget Amendments*

Finance Director Joseph presented a policy change to formalize the existing legal appropriations and budget amendment process. Finance Director Joseph explained the Village's existing practice in regards to how expenditures are established by the Appropriation Ordinance along with how Budget Amendments would be utilized.

Trustee Sargon made a motion to recommend the Financial Policy as drafted formalizing the existing Legal Appropriations and Budget Amendment process. The motion was seconded by Trustee Klatzco. The motion was approved via a voice vote.

### *III. d. Fixed Asset Capitalization Policy*

Finance Director Joseph provided an overview of the Fixed Asset Capitalization Policy. Finance Director Joseph stated that the Fixed Asset Capitalization Policy was a requirement of Generally Accepted Accounting Principles and Governmental Accounting Standards Board in which assets are capitalized at the time of purchase and depreciation is computed and recorded using a straight-line method over the estimated useful lives of the asset.

Finance Director Joseph continued that currently capital assets purchased with an original cost of \$10,000 or more are capitalized and that a new threshold would be set based on the Asset Class and the dollar amount value.

Trustee Sargon made a motion to approve the Fixed Asset Capitalization Policy as presented by staff including to recommend the Financial Policy as drafted to clearly define capitalization of assets and recommend increasing the capital thresholds as follows to reduce the administrative burden associated with small dollar amounts: \$20,000 for Parks and Improvements, Equipment/Furniture and Vehicles/Heavy Equipment; and, \$100,000 for Buildings/Structures, Streets, Sidewalks, Alleys, and Waterworks System. The motion was seconded by Trustee Saleem. The motion was approved via a voice vote.

#### **IV. Continued Discussion on New Revenue**

##### *IV. a. Amusement Tax*

Finance Director Joseph presented on the possibility of an Amusement Tax for categories like live performances, craft shows and festivals, spectator sporting events, first person participation activities, video streaming, audio streaming, and online games.

Trustee Saleem asked if the Amusement Tax is used commonly in neighboring communities.

Finance Director Joseph stated that most communities in the immediate area have an Amusement Tax on different activities.

Finance Director Joseph continued that only the City of Evanston has a streaming tax right now in which they tax the streaming companies directly then remit money to the municipality.

Village Manager Gaura stated that the tax on streaming is something that staff would recommend serious consideration from the Village Board.

Trustee Sargon stated that she was hesitant in regards to instituting a new tax and stated that she would want to see the revenue produced for the existing cable tax before instituting a new tax.

The consensus of the Finance Committee was to have additional information on video streaming and Amusement Tax presented at the next Finance Committee.

##### *IV. b. Self-Storage Facility Tax*

Assistant Village Manager Meyer presented self-storage tax and presented rationale for considering the self-storage tax. Mr. Meyer shared that there were several mechanisms available to possibly enforce this tax as part of the Village's Fiscal Year 2023 Budget.

Trustee Klatzco asked that at the next Finance Committee information be presented on the total units available in Lincolnwood and their sizes for full estimates on the potential for a Storage Tax.

Trustee Klatzco made a motion to request that staff present this revenue source to the Village Board as part of the development of the Fiscal Year 2023 Budget. Trustee Sargon seconded the motion. The motion passed via a voice vote.

#### **V. Discussion on Possible Change of Fiscal Year**

Finance Director Joseph presented on the possibility of changing the Fiscal Year to start January 1 through December 31. Finance Director Joseph presented the structure of using a stub year and would allow the Village to bid out projects. Finance Director Joseph added that there are several advantages to aligning the Fiscal Year and Calendar Year in that joint purchasing opportunities.

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Trustee Klatzco added that it would assist him and the Finance Department to align the Calendar Year and Fiscal Year as it would make it easier for invoicing and attaching those bills to the correct year.

Trustee Klatzco asked if there would be additional expenses if the Village were to change fiscal years.

Finance Director Joseph stated that there would be an audit for the stub year that would have costs but no extraordinary costs with the implementation of this recommended suggestion.

Trustee Sargon made a motion to request that staff present the change of fiscal year from a May 1-April 30 fiscal year to a calendar year fiscal at an upcoming meeting. Trustee Saleem seconded the motion. The motion was approved via a voice vote.

### **VI. Review of Lincolnwood Fest**

Parks and Recreation Director Hawk provided an overview of how Lincolnwood Fest was managed previously and reviewed the possibility of managing the event internally. Parks and Recreation Director Hawk added that at the time of close out following their final running of the event, the Lincolnwood Fest Committee made a donation of \$150,187 to the Village. Parks and Recreation Director Hawk said that the Village received a quote from Special Event Management (SEM) to run the event for \$20,000 plus 18% of any cash sponsorship, and 10% commission for each participating vendor and expenses mutually agreed upon and a 10% bonus for all income raised over expenses.

Parks and Recreation Director Hawk noted that the liability being passed to a vendor, which would be with SEM, which would be preferred by the Village. Parks and Recreation Director Hawk added that SEM has experience with the Village previously running the Turkey Trot and with Windy City Amusements who has traditionally been the carnival ride vendor for Lincolnwood. Parks and Recreation Director Hawk stated that there will be something on an upcoming Agenda for the Village Board's consideration.

Trustee Saleem asked if there would be a way to analyze the proposal from SEM based on historical data to determine how much money the Village would make in this scenario.

Trustee Sargon asked if the Village could discuss through other options beyond what has occurred with Lincolnwood Fest.

Parks and Recreation Director Hawk said that for 2022 the event would be run substantially similar manner as previous years, but the Village can look at something in the future to expand in the program.

Trustee Klatzco asked if SEM will be taking a cut from local donations for sponsorships that are received for the event.

Parks and Recreation Director Hawk stated the local donations would not be subject to the 10% cut to SEM.

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Trustee Sargon stated that there are many local vendors that could be utilized for the event.

Trustee Klatzco stated the desire to capture the costs for Public Works and Police Department.

Village Manager Gaura asked to clarify the position of the Village Board as it was previously directed by the Village Board to oversee the program regardless of whether it makes money.

Trustee Klatzco said that he desired to have Lincolnwood Fest make money or at the very least break even.

Village Manager Gaura asked to clarify how the Finance Committee wanted to calculate staff costs for Lincolnwood Fest and if the desire was to use only overtime costs or all possible staff costs for the project.

It was the consensus of the Finance Committee to review the numbers including overtime to determine the total cost.

Village Manager Gaura stated that the analysis will be completed but based on the direction received and the timing to complete this process, if the Lincolnwood Fest would break even then the Village will present the contract with SEM for consideration.

Parks and Recreation Director Hawk said that she approached SEM to engage local vendors.

Trustee Sargon said that if SEM approaches local vendors for food, she requested that SEM does not collect a fee from local vendors to emphasize the local restaurants that participate in the Lincolnwood Fest.

Trustee Saleem stated that he did not want the Village making those specific decisions and that if we are hiring a vendor to oversee this process we should not be forcing SEM to handle local vendors a different way and encouraged a hands-off policy for the vendor to run the event.

Trustee Klatzco desired to have the money received by Lincolnwood Fest be put in a separate account.

Parks and Recreation Director Hawk stated that SEM handles 25 Festivals in a year and said that she will be performing a reference check on them.

Village Manager Gaura noted that SEM has been very open to feedback from the Village to assist with this process.

The consensus of the Finance Committee was to analyze the proposal from SEM and historical information on expenses and revenues for the Lincolnwood Fest to determine if the Village could break even or make money on running the event. If the Village can break even or make money than the consensus of the Finance Committee was to have this item presented to the Village Board for formal consideration.

**VII. Public Forum**

None

**VIII. Other Business**

Finance Director Joseph provided an overview of the next steps and upcoming meetings for the Finance Committee and Village Board

**IX. Adjournment**

- a. At 8:05 P.M. Trustee Klatzco moved to adjourn the Finance Committee, seconded by Trustee Sargon. The motion passed with a roll call.

Ayes: Trustees Klatzco, Saleem, and Sargon

Nays: None

**Minutes Recorded by:**

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Charles Meyer  
Deputy Village Clerk



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# MEMORANDUM

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**TO:** Finance Committee  
Anne Marie Gaura, Village Manager

**FROM:** Denise Joseph, Finance Director

**DATE:** December 1, 2021

**SUBJECT:** Finance Committee Meeting

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## **Discussion**

At the November 15, 2021 Finance Committee meeting, the committee directed staff to provide additional information related to Amusement Tax and Self-Storage Facility Tax.

Staff has compiled discussion points for the December 9, 2021 Finance Committee meeting and they are listed in the order that they appear on the agenda.

## **Continued Discussion on New Revenue**

### **1) Amusement Tax**

Staff has gathered additional information on Amusement Tax and would like to gain feedback from the Finance Committee prior to presenting this at a Committee of the Whole meeting.

As communicated at the November 15, 2021 Finance Committee, state law provides home-rule communities the ability to enact and locally administer an Amusement Tax on entertainment uses at a rate anywhere from 0-10%. This tax would be established by local ordinance.

There are a variety of uses that can be taxed and home-rule communities have the ability to decide which categories they wish to tax or exempt from taxation. In addition, the Village has an option of charging a different rate for different types of amusements. For example, a community can charge 4% for movie theatre tickets and 1.5% for live performance tickets.

The following are basic categories that are taxable:

- Live performances (movies, theater, concerts)
- Craft shows and festivals (carnivals, art shows, amusement parks)
- Spectator sporting events (football games, horse racing, boxing matches)
- First person participation activities (health clubs, bowling alleys, billiards, golf)

- Video streaming, audio streaming and online games

Communities with an Amusement Tax include (*this list is not inclusive of all communities in IL*):

Community	Tax Rate
*City of Chicago	9%
*City of Evanston	5%
Village of Lincolnshire	4% movie theatre; 1.5% live theatre
Village of Morton Grove	5%
Village of Niles	3%
Village of Northbrook	\$0.25 per ticket admission
Village of Schaumburg	5%
Village of Skokie	2%
Village of Wheeling	4%

*\*Note: The City of Chicago and City of Evanston have imposed a Streaming Tax*

#### *Municipal Streaming Tax*

The City of Chicago ordinance imposing a "streaming tax" exercises its home rule authority and authority under the Illinois Municipal Code to tax amusements (65 ILCS 5/11-42-5). The Chicago tax is imposed on the individual receiving electronically delivered video streaming, audio streaming, and online games to their mobile device at the rate of 9% of the charges for the privilege to participate in such amusement.

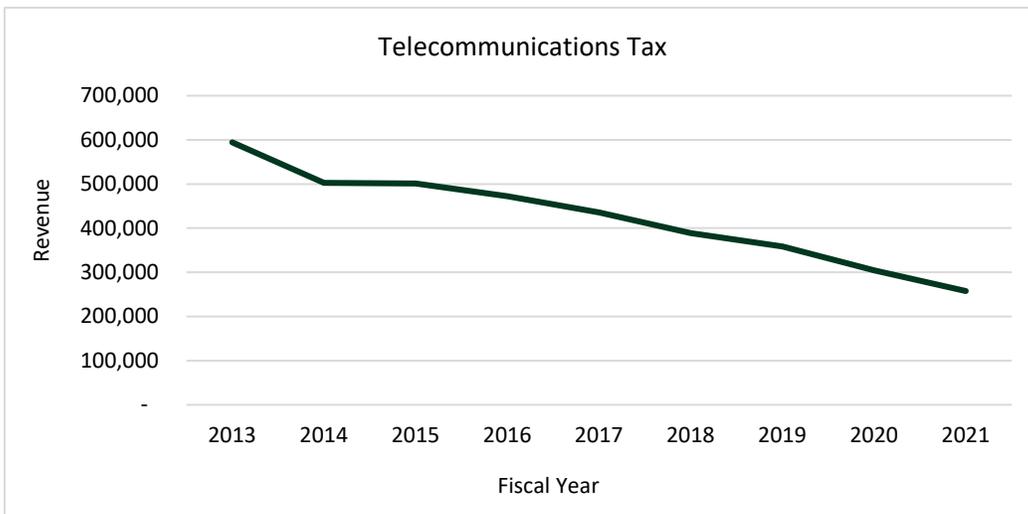
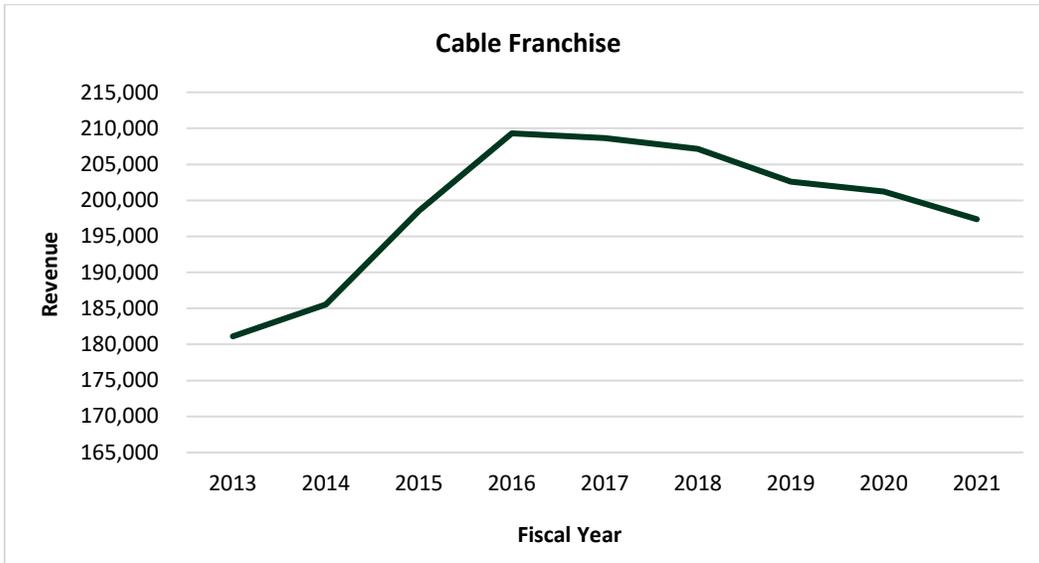
The constitutionality of Chicago's streaming tax ordinance was challenged and upheld in *Labell, et al. v. City of Chicago*, 2019 IL App (1<sup>st</sup>) 181379 (September 30, 2019). The Appellate Court affirmed the award of summary judgment to the City of Chicago, holding that the imposition of the streaming services tax was within its authority, did not violate the Uniformity Clause of the Illinois Constitution, and did not violate the Internet Tax Freedom Act.

The City of Evanston also approved a 5% streaming tax in June 2020 that went into effect in October 2020. Evanston's Fiscal Year 2022 Proposed Budget estimates \$475,000 in streaming tax revenue based off the growth. As of right now, Chicago and Evanston are the only jurisdictions in the State of Illinois that tax electronically provided entertainment the same way they tax tickets for movies, concerts, and carnivals.

In 2019, 44% of U.S. households subscribed to cable, while 62% of American adults subscribed to at least one streaming service. The COVID-19 pandemic has pushed even more people to streaming. It is likely that a single customer could be subject to both taxes if they both have cable and a streaming service, however, as people move away from cable television, streaming is becoming more prominent. Once stores, like Blockbuster have disappeared, people are now consuming entertainment through the internet. This move has caused losses in tax revenue for many municipalities.

Lincolnwood is beginning to see a gradually slow decline as shown in the charts below. Cable Franchise fee is an annual fee charged by a municipality to private cable television company as compensation for using private property it owns as right-of-way for its cable. The cable franchise revenue for Fiscal Year 2022 is **trending lower than prior year-to-date by \$5,532** and is at only **47.8% of budget**.

Telecommunication tax is collected by telecommunications services (telephone, fax, and pagers). This tax is **trending lower than prior year-to-date by \$20,616** and is at **45.7% of budget**. Telecommunications tax is projected to continue to experience declines in the next five years.



As technology enhancements increase the utilization of streaming in lieu of cable and cell phones in lieu of land lines, these revenue sources will continue to decrease. Staff believes that the streaming tax will conservatively generate \$90,000-\$200,000 the first year based on our population as compared to Evanston, which has a population of 75,000.

Staff recommends discussion regarding an Amusement Tax as a means to reduce the Village's reliance on property tax and diversify the revenue base as we begin discussions on the redevelopment of the Lincolnwood Town Center mall. Should the Finance Committee choose to pursue this revenue option, staff would recommend presenting this information at a Committee of the Whole meeting.

**2) Self-Storage Facility Tax (Storage Tax)**

The Finance Committee discussed the possibility of a Self-Storage Facility Tax during the November 15 meeting of the Finance Committee. The consensus of the Finance Committee was to continue research on this topic and present additional information to the Finance Committee at their next meeting in advance of formal consideration by the Village Board as part of the Budget process.

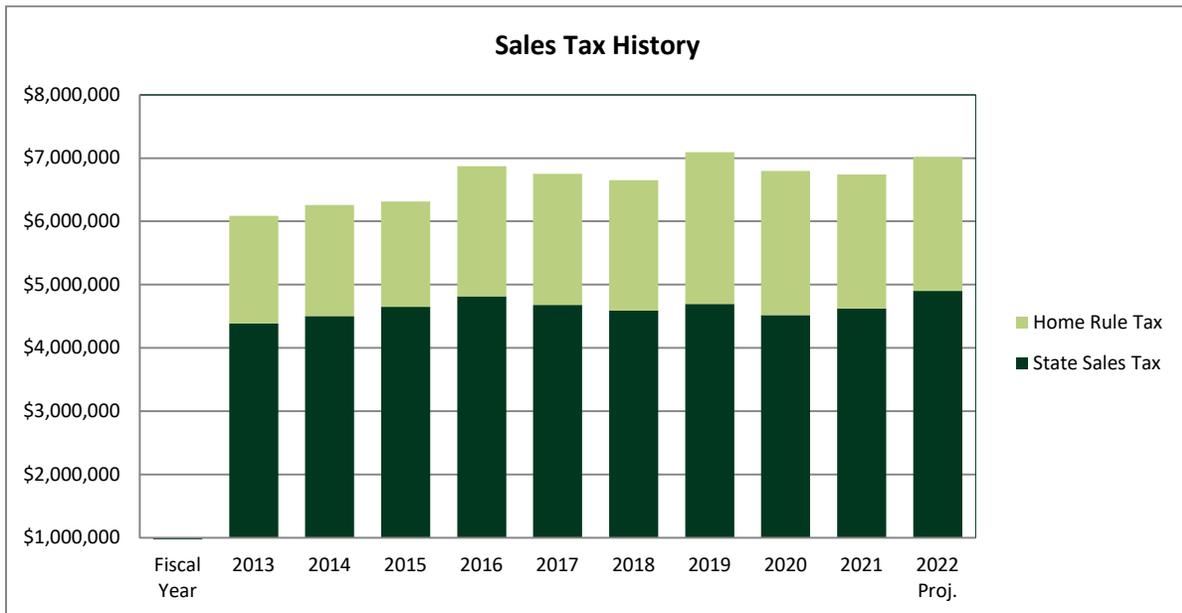
Attached is a memo from Assistant Village Manager Charles Meyer that provides additional information.

**Sales Tax Revenue**

Following the November 15, 2021 Finance Committee meeting, staff received an inquiry from a Finance Committee member regarding the Village’s sales tax revenue and requested that this item be added to the December 9 Finance Committee agenda.

State sales tax is trending higher than prior year-to-date by \$183,798 and is at 77.1% of budget. Home rule sales is trending higher than prior year-to-date by \$126,620 and is at 97.9% of budget. As a reminder, sales taxes are received on a three-month lag from the time a sale occurs. Sales that occurred in August 2021 were reflected in the Village’s November 2021 receipts. The strength of Lincolnwood’s local economy is reflected in the very strong performance seen in sales tax receipts across all collection areas. The Village is also benefitting from the change in sales tax revenue allocation made by the State earlier this year, which captures additional online sales activity.

The chart below illustrates the Village’s 10-year sales tax history. Additional information related to sales tax revenue will be presented at the February 22, 2022 Budget Workshop.



**Direction Requested**

Staff will present these items and solicit Committee's feedback on December 9. Upon completion of the Committee's review, staff will incorporate any changes into the draft budget that is scheduled to be presented at the February Budget Workshop.

**Attachments:**

1. Self-Storage Facility Tax Memo



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# MEMORANDUM

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**TO:** Denise Joseph, Finance Director

**FROM:** Charles Meyer, Assistant Village Manager

**DATE:** December 9, 2021

**SUBJECT:** Self-Storage Facility Tax (Storage Tax)

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## **Background**

The Finance Committee discussed the possibility of a Self-Storage Facility Tax (Storage Tax) during the November 15 Meeting of the Finance Committee. The consensus of the Finance Committee was to continue research on this topic and present additional information to the Finance Committee at their next meeting in advance of formal consideration by the Village Board as part of the Budget process. This memorandum includes further research on the three buildings in Lincolnwood that may qualify for the Storage Tax and an update on research on taxing for this item. As a reference, the previous memorandum from November 15, 2021 is attached to this document for the Finance Committee's consideration.

## **Discussion**

A Storage Tax is a fee assessed on the lease or rental of self-storage units within the Village. Self-storage facilities contain separately divided rooms that are available for customers to rent or lease for the keeping of personal items. The rooms available range in size from the size of a closet to large enough for a vehicle. The Village Board directed staff to research additional information on these facilities including the total number of units and sizes of those units. Staff reviewed documentation on these facilities but was unable to find specific information publicly available on the size and quantity for individual storage units within the three facilities in Lincolnwood.

The charts below provide the size of the buildings, their location, and the prices for various sizes of units within the buildings. There is also a description for if the units are climate controlled or "Traditional", which are units that do not have climate control along with any other features noted on the websites for these establishments.

3850 W Devon Avenue  
 Extra Space Storage Lincolnwood – 93,000 Square Foot Building

<b>Size</b>	<b>Description</b>	<b>Monthly Rent</b>
3x4	Climate Controlled – First Floor	\$13.00
4x5	Traditional	\$22.00
5x5	Climate Control – Upstairs	\$40.00
5x9	Climate Control – Upstairs	\$62.00
5x9	Traditional – Drive Up Access	\$147.00
5x10	Climate Control – Upstairs	\$39.00
5x10	Climate Control – Upstairs	\$50.00
5x10	Climate Control – Upstairs	\$68.00
5x12	Climate Control – Upstairs	\$59.00
5x12	Climate Control – Upstairs	\$76.00
5x15	Climate Control – Upstairs	\$68.00
5x15	Climate Control – Upstairs	\$93.00
10x8	Climate Control – Upstairs	\$93.00
10x10	Climate Control – Upstairs	\$132.00
10x10	Traditional – Drive Up Access	\$154.00
10x12	Climate Control – Upstairs	\$134.00
10x15	Climate Control – Upstairs	\$170.00
10x15	Climate Control – Upstairs	\$181.00
10x15	Traditional – Drive Up Access	\$226.00
10x20	Climate Control – Upstairs	\$256.00
10x20	Traditional – Drive Up Access	\$299.00
10x20	Traditional – Drive Up Access	\$306.00
10x22	Traditional – Drive Up Access	\$337.00
10x25	Traditional – Drive Up Access	\$342.00
15x20	Traditional - Upstairs	\$293.00

6460 N Lincoln Avenue  
 Public Storage – 90,647 Square Foot Building

<b>Size</b>	<b>Description</b>	<b>Monthly Rent</b>
5x5	Climate Control – Upstairs	\$39.00
5x5	Climate Control – First Floor	\$44.00
5x10	Climate Control – Upstairs	\$55.00
5x10	Climate Control – First Floor	\$79.00
4x10	Climate Control – First Floor	\$89.00
7x10	Climate Control – Upstairs	\$89.00
7x10	Climate Control – First Floor	\$112.00
10x15	Climate Control – Upstairs	\$163.00
10x10	Climate Control – First Floor	\$187.00
10x20	Climate Control – Upstairs	\$252.00
10x20	Climate Control – First Floor	\$267.00
10x30	Climate Control – Upstairs	\$295.00

3501 W Touhy Avenue  
 Public Storage – 51,500 Square Foot Building

<b>Size</b>	<b>Description</b>	<b>Monthly Rent</b>
5x5	Climate Control – Upstairs	\$36.00
5x6	Climate Control – First Floor	\$45.00
7x10	Climate Control – Upstairs	\$65.00
5x10	Climate Control – Upstairs	\$67.00
5x10	Climate Control – First Floor	\$68.00
7x10	Climate Control – First Floor	\$71.00
5x8	Climate Control – Upstairs	\$78.00
10x7.5	Climate Control – Upstairs	\$88.00
10x10	Climate Control – Upstairs	\$108.00
10x15	Climate Control – Upstairs	\$140.00
10x16	Climate Control – Upstairs	\$181.00
10x15	Climate Control – First Floor	\$212.00
10x20	Climate Control – First Floor	\$282.00

The Village continues to review possible taxing structures. As noted at the November 15, 2021 Meeting the Village Attorney is reviewing possible methods to institute a Storage Tax. The possible methods include:

1. A flat tax based on the number storage units per month
  - a. Initial estimates from staff in 2016 are that approximately 2,000 storage units within the community.
2. A progressive tax based on square footage
  - a. As noted above, there is a range of unit sizes with ranges from 12 square feet to 300 square feet.
3. A sales tax assessed on the individual renter
  - a. This is the method adopted in Skokie and is currently being reviewed by the Village Attorney for applicability in Lincolnwood.

**Financial Impact**

The Village Attorney is currently researching possible structure for creating this Storage Tax. Using the budgeted revenue for Skokie and Morton Grove, it is estimated that the Village of Lincolnwood could collect approximately \$150,000 depending on the structure utilized.

**Recommendation**

It is recommended that the Village Finance Committee discuss this potential revenue source on December 9, 2021.

**Documents Attached**

1. November 15, 2021 Memorandum to the Finance Committee



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# MEMORANDUM

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**TO:** Denise Joseph, Finance Director

**FROM:** Charles Meyer, Assistant Village Manager

**DATE:** November 15, 2021

**SUBJECT:** Self-Storage Facility Tax (Storage Tax)

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## **Background**

The Village Board has directed staff to evaluate potential revenue options for consideration as part of the Fiscal Year 2023 Budget. In researching actions of neighboring communities and previous discussions by the Village, staff feels that it is important to present the possibility of the Village Board considering a Self-Storage Facility Tax (Storage Tax) for implementation. The Storage Tax was previously discussed, but not implemented, in 2016 but since that time has been developed in neighboring communities and has the potential to raise revenues by \$150,000. The purpose of this memorandum is to present this topic with a recommendation for the Finance Committee to consider the creation of a Storage Tax.

## **Discussion**

A Storage Tax is a fee assessed on the lease or rental of self-storage units within the Village. Self-storage facilities contain separately divided rooms that are available for customers to rent or lease for the keeping of personal items. The rooms available range in size from the size of a closet to large enough for a vehicle. The storage units within the Village are primarily located in commercial areas along the major through-fares of Lincoln, Touhy, and Devon Avenues. The facilities pay property taxes but do not generate sales tax revenue, which is a goal of the Village to generate further sales tax and lessen the reliance on property taxes.

The Village previously discussed the creation of a Storage Tax in 2016. The most recent conversation took place at April 5, 2016, Committee of the Whole Meeting in which the Village Board declined to move forward with the tax at that time.

## **Possible Taxing Structure**

At the April 5, 2016, meeting of the Committee of the Whole, various Storage Tax funding structures were presented for consideration. Based on previous research completed by the Village Attorney in 2016, there was not the ability to directly tax sales. However and since that time the communities of Willowbrook and Skokie have instituted a Storage Tax based on 5% of sales. The Village Attorney is

reaching current options for the collection of the Storage Tax, but in 2016 the following options were presented for the Village Board's consideration:

1. A flat tax based on the number storage units
  - a. For example, each renter/lessee of a storage unit would be charged a tax of \$5.00 per month.
  - b. Staff estimates there are 2,000 storage units of varying sizes within three self-storage facilities
  - c. If a \$5.00 monthly tax was imposed, the Village could expect to receive \$120,000 annually (assumes 100% occupancy)
2. A progressive tax based on a square foot basis
  - a. For example, if the Village were to impose a tax per square foot at the rate of \$1.00 per year (\$0.83/month) a renter/lessee of a 10x10 unit (100 square feet) would pay an additional \$1 per year.
  - b. Total revenue received is difficult to estimate as staff is uncertain as to the size of each storage unit; some facilities have many small units and many facilities have many large units.
  - c. Total building footprint of all storage facilities (with two floors each) is 235,147 square feet, which amount to no more than \$235,147 annually. This estimate includes walkways, offices, and bathrooms that would not be used for storage.

If the Finance Committee desires to further investigate the potential of such a Storage Tax then staff will continue to work with the Village Attorney to develop options for structuring a tax and present those findings to a future Finance Committee meeting.

### **Financial Impact**

The Village Attorney is currently researching possible structure for creating this Storage Tax. Using the budgeted revenue for Skokie and Morton Grove, it is estimated that the Village of Lincolnwood could collect approximately \$150,000 depending on the structure utilized.

### **Recommendation**

It is recommended that the Village Finance Committee discuss this potential revenue source on November 15, 2021.

### **Documents Attached**

None