

**CITY OF O'FALLON, ILLINOIS**  
**ORDINANCE NO. 4332**

**AN ORDINANCE IMPLEMENTING A MUNICIPAL GROCERY RETAILERS' OCCUPATION TAX AND A MUNICIPAL GROCERY SERVICE OCCUPATION TAX WITH A DATE TO SUNSET ON APRIL 30, 2028 FOR THE CITY OF O'FALLON, IL**

WHEREAS, the Illinois Municipal Code, 65 ILCS 5/1-2-1, provides that the corporate authorities of each municipality may pass all ordinances and make all rules and regulations proper or necessary, to carry into effect the powers granted to municipalities, with such fines or penalties as may be deemed proper; and,

WHEREAS, the **City of O'Fallon** is a home rule Illinois municipality pursuant to the Constitution of the State of Illinois of 1970, as amended; and,

WHEREAS, Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24) provides that, beginning on January 1, 2026, all Illinois municipalities may impose a tax "upon all persons engaged in the business of selling groceries at retail in the municipality" (the "Municipal Grocery Tax") (65 ILCS 5/8-11-24); and,

WHEREAS, the Municipal Grocery Retailers' Occupation Tax may be imposed "at the rate of 1% of the gross receipts from these sales" (65 ILCS 5/8-11-24); and,

WHEREAS, any Municipal Grocery Retailers' Occupation Tax shall be administered, collected and enforced by the Illinois Department of Revenue; and,

WHEREAS, Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24) requires any municipality imposing a Municipal Grocery Retailers' Occupation Tax under Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24) to also impose a Service Occupation Tax at the same rate, "upon all persons engaged, in the municipality, in the business of making sales of service, who, as an incident to making those sales of service, transfer groceries" as "an incident to a sale of service" (the "Municipal Grocery Service Occupation Tax") (65 ILCS 5/8-11-24); and,

WHEREAS, any Municipal Grocery Service Occupation Tax shall be administered, collected and enforced by the Illinois Department of Revenue; and,

WHEREAS, the City Council believe that it is appropriate, necessary and in the best interests of the City and its residents, that the City levy a Municipal Grocery Retailers' Occupation Tax as permitted by Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24); and,

WHEREAS, the City Council believe that it is appropriate, necessary and in the best interests of the City and its residents, that the City levy a Municipal Grocery Service Occupation Tax as permitted by Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24); and,

NOW, THEREFORE, be it ordained, by the City Council of the City of O'Fallon as follows:

Section 1. Incorporation of Recitals. The foregoing recitals shall be and are hereby incorporated as findings of fact as if said recitals were fully set forth herein.

Section 2. Municipal Grocery Retailers' Occupation Tax Imposed. A tax is hereby imposed upon all persons engaged in the business of selling groceries at retail in this municipality at the rate of 1% of the gross receipts from such sales made in the course of such business until April 30, 2028. The imposition of this tax is in accordance with and subject to the provisions of Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24).

Section 3. Municipal Grocery Service Occupation Tax. A tax is hereby imposed upon all persons engaged in this municipality in the business of making sales of service, who, as an incident to making those sales of service, transfer groceries as an incident to a sale of service. The rate of this tax shall be the same rate identified in Section 2, above. The imposition of this tax is in accordance with and subject to the provisions of Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24).

Section 4. Illinois Department of Revenue to Administer Both Taxes. The taxes hereby imposed, and all civil penalties that may be assessed as an incident thereto, shall be collected and enforced by the Department of Revenue of the State of Illinois. The Illinois Department of Revenue shall have full power to administer and enforce the provisions of this Ordinance.

Section 5. Clerk to file Ordinance with Illinois Department of Revenue. As required under Section 8-11-24 of the Illinois Municipal Code (65 ILCS 5/8-11-24), the Clerk is hereby directed to file a certified copy of this Ordinance with the Illinois Department of Revenue on or before October 1, 2025.

Section 6. Effective Date. The taxes imposed by this Ordinance shall take effect on the later of: (i) January 1, 2026; (ii) the first day of July next following the adoption and filing of this Ordinance with the Department of Revenue, if filed on or before the preceding April 1st; or, (iii) the first day of January next following the adoption and filing of this Ordinance with the Department of Revenue, if filed on or before the preceding October 1st.

Section 7. Ending Date/Sunset Clause. The taxes imposed by this Ordinance will cease on or before April 30, 2028 upon notification to the Illinois Department of Revenue.

Section 8. Repeal of Conflicting Provisions. All ordinances, resolutions and policies or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of the conflict, expressly repealed on the effective date of this Ordinance.

Section 9. Severability. If any provision of this Ordinance or application thereof to any person or circumstances is ruled unconstitutional or otherwise invalid, such invalidity shall not affect other provisions or applications of this Ordinance that can be given effect without the invalid application or provision, and each invalid provision or invalid application of this Ordinance is severable.

Section 10. Headings/Captions. The headings/captions identifying the various sections and subsections of this Ordinance are for reference only and do not define, modify, expand or limit any of the terms or provisions of the Ordinance.

Section 11. Publication. The Clerk is directed by the corporate authorities to publish this Ordinance in pamphlet form. This Ordinance shall be in full force and effect after its passage and publication in accordance with 65 ILCS 5/1-2-4.

PASSED THIS 21<sup>st</sup> day of July, 2025.

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ATTEST:  
(seal)



Jerry Mouser, City Clerk

Approved by the Mayor this 21<sup>st</sup> day  
of July 2025.

*Eric Van Hook*  
Eric Van Hook, Mayor

ROLL CALL:	Rosenberg	Muyleart	Lotz	Stoffel	Carney	Fohne	Roach, T.	SUB TOTALS
Aye	X	X	X	X	X	X	X	7
Nay								0
Absent								0

ROLL CALL:	Newcomb	Hudson	Blackburn	Vorce	Campbell	Parchman	Ford	SUB TOTALS	SUM OF TOTALS
Aye	X	X	X	X	X	X	X	7	14
Nay								0	0
Absent								0	0

**General Fund  
Revenues over Expenses per Audit**

<b>Per Audited Financials</b>	<b>FY 24</b>	<b>FY23</b>	<b>FY22</b>	<b>FY21</b>
<b>General Fund Revenues per Audit</b>				
Total Revenue	\$ 31,538,031	\$ 29,194,572	\$ 29,423,825	\$ 25,446,197
Room Tax	\$ (3,000,056)	\$ (2,961,980)	\$ (2,782,494)	\$ (1,701,505)
Police/Fire Pension Property tax	\$ (1,459,001)	\$ (1,425,433)	\$ (1,335,514)	\$ (1,252,611)
	<u>\$ 27,078,974</u>	<u>\$ 24,807,159</u>	<u>\$ 25,305,817</u>	<u>\$ 22,492,081</u>
Total expenditures	\$ 21,845,232	\$ 20,006,428	\$ 17,735,726	\$ 17,740,731
Police/Fire Pension Property tax	\$ (1,459,001)	\$ (1,425,433)	\$ (1,335,514)	\$ (1,252,611)
Tourism	\$ (464,723)	\$ (442,298)	\$ (321,903)	\$ (417,701)
	<u>\$ 19,921,508</u>	<u>\$ 18,138,697</u>	<u>\$ 16,078,309</u>	<u>\$ 16,070,419</u>
Revenue over Expenditures	\$ 7,157,466	\$ 6,668,462	\$ 9,227,508	\$ 6,421,662
Transfer In	\$ 116,505	\$ 2,111,753	\$ 86,810	\$ 218
Transfers Out	\$ (2,699,299)	\$ (6,693,161)	\$ (4,378,678)	\$ (3,211,796)
Actual GF revenues over expense	<u>\$ 4,574,672</u>	<u>\$ 2,087,054</u>	<u>\$ 4,935,640</u>	<u>\$ 3,210,084</u>
Per Audit Narrative:	\$ 9,696,799	\$ 9,188,144	\$ 11,688,099	\$ 7,705,466
Difference in comparison	\$ 5,122,127	\$ 7,101,090	\$ 6,752,459	\$ 4,495,382

<b>Actual</b>	
<b>4 year excess</b>	<b>Annual Average</b>
\$ 14,807,450	\$ 3,701,863

\$ 38,278,508    \$ 9,569,627

CITY OF O'FALLON, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2024

	General Fund	Park Fund	Tax Increment Financing Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Property	\$ 1,459,001	\$ -	\$ 3,206,075	\$ 4,056,139	\$ 8,721,215
Utility	931,530	1,149,359	-	-	2,080,889
Food and beverage	1,339,100	-	-	-	1,339,100
Intergovernmental receipts					
Replacement tax	13,523	-	-	59,315	72,838
Motor fuel tax allotments	-	-	-	1,538,952	1,538,952
State sales tax	12,240,802	1,562,592	-	4,687,778	18,491,172
State income tax	5,286,178	-	-	-	5,286,178
Road and bridge tax	290,368	-	-	-	290,368
Grants	64,058	50,000	-	275,041	389,099
TIF surplus distribution	41,876	-	-	-	41,876
Other	-	-	-	574,210	574,210
Licenses and permits	1,004,638	-	-	1,877	1,006,515
Subdivision fees	96,812	-	-	-	96,812
Police reports	7,241	-	-	-	7,241
Combined dispatch	985,194	-	-	-	985,194
Municipal aggregation fees	109,271	-	-	-	109,271
Fines and fees	457,714	208,722	-	300	666,736
Service fees	335,852	153,582	-	2,151,012	2,640,446
Rural fire district fees	-	-	-	421,346	421,346
Recreation fees	-	916,241	-	-	916,241
Room tax	3,000,056	-	-	-	3,000,056
Investment income	2,274,189	142,829	-	1,449,759	3,866,777
Phone and cable television franchise fees	440,098	-	-	-	440,098
Rentals	11,094	774,002	-	-	785,096
Fees in lieu of taxes	865,900	-	-	55,490	921,390
Concession income	-	609,355	-	-	609,355
Donations	108,675	11,285	-	51,960	171,920
Annex fees	-	-	-	132,801	132,801
Cemetery revenue	36,400	-	-	-	36,400
Miscellaneous revenues and reimbursements	138,461	67,712	-	81,165	287,338
Total revenues	31,538,031	5,645,679	3,206,075	15,537,145	55,926,930

This statement is continued on the following page.

CITY OF O'FALLON, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (Continued)

For the Year Ended April 30, 2024

	General Fund	Park Fund	Tax Increment Financing Fund	Other Governmental Funds	Total Governmental Funds
<b>EXPENDITURES</b>					
Current					
General government	\$ 3,374,750	\$ -	\$ -	\$ 1,662,985	\$ 5,037,735
Public safety	10,486,276	-	-	5,558,134	16,044,410
Highways and streets	4,193,575	-	-	3,147,455	7,341,030
Zoning	1,025,257	-	-	146,848	1,172,105
Cemetery	145,589	-	-	36,933	182,522
Culture and recreation	-	4,085,600	-	190,419	4,276,019
Tax increment financing	-	-	1,731,421	-	1,731,421
Tourism	464,723	-	-	20,979	485,702
Capital outlay	1,914,056	248,224	-	3,053,722	5,216,002
Debt service					
Principal	233,720	1,679	-	2,438,870	2,674,269
Interest and fiscal charges	7,286	35	-	1,296,711	1,304,032
Bond issuance costs	-	-	-	125,057	125,057
Total expenditures	21,845,232	4,335,538	1,731,421	17,678,113	45,590,304
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	9,692,799	1,310,141	1,474,654	(2,140,968)	10,336,626
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	42,238	4,500	-	-	46,738
Proceeds from refunding bonds, at par	-	-	-	8,070,000	8,070,000
Proceeds from refunding bonds premium	-	-	-	503,543	503,543
Issuance of leases	58,822	8,357	-	32,736	99,915
Issuance of SBITAs	405,138	-	-	27,413	432,551
Transfers in	116,505	185,437	-	3,845,774	4,147,716
Transfers (out)	(2,699,299)	(335,845)	(560,718)	(551,854)	(4,147,716)
Total other financing sources (uses)	(2,076,596)	(137,551)	(560,718)	11,927,612	9,152,747
NET CHANGE IN FUND BALANCES	7,616,203	1,172,590	913,936	9,786,644	19,489,373
FUND BALANCES (DEFICIT), MAY 1	39,254,800	4,085,579	(3,510,854)	32,686,357	72,515,882
FUND BALANCES (DEFICIT), APRIL 30	\$ 46,871,003	\$ 5,258,169	\$ (2,596,918)	\$ 42,473,001	\$ 92,005,255

See notes to financial statements.