

Gardner-South Wilmington High School District #73
Board of Education Meeting Minutes
Wednesday, May 8, 2013 – Grundy County School Districts Special Meeting

ROLL CALL

Coal City School Board President Ken Miller called the special joint meeting of Grundy County school districts to order at 7:00 p.m. in the Coal City Early Childhood Center gym. The following school districts were in attendance: Braceville #75, Coal City #1, Gardner Elementary #72C, GSW High School #73, Minooka Elementary #201, Minooka High #111, Morris Elementary #54, Morris High #101, MVK #2C, Nettle Creek #24, Saratoga #60C, and South Wilmington #74.

Gardner-South Wilmington High School Board members in attendance were Pam Brooks, David Doglio, Matt Finn, Cindy Gerber and Allison Palermo. Board member s Joe Elens & Craig Male were not in attendance. Superintendent Michael Perrott was also in attendance.

Members of the audience were Tim Bradley, Pam Gegenheimer, Curt Jebens, Eric Lutz, Ann Gill and Missy Durkin.

Coal City School Board President Ken Miller welcomed those in attendance.

PLEDGE OF ALLEGIANCE

President Miller led the Boards of Education and others present in reciting the Pledge of Allegiance.

PRESENTATION

Jim Burgett and Kevin Heid of Stifel, Nicolaus & Co. were in attendance to present information on the Illinois County School Facility Tax.

Public Act 97-0542 allows county voters to approve a sales tax to fund school facility costs. The maximum allowable tax is 1%. The law has been in effect in Illinois since October 2007 and is based on a similar law that is currently in place in every county in Iowa. There are currently 18 counties in Illinois that have passed the county school facility tax law. There are about 30 counties reviewing information and considering the placement of the question on the March 2014 ballot.

The tax, often referred to as the “Walmart tax”, has low impact on key business and fixed income persons. Everything in the municipal and county sales tax base is included in the tax base except for cars, trucks, ATVs, boats, RVs, mobile homes, unprepared food, drugs (including over-the-counter and vitamins), farm equipment and parts, and farm inputs.

Sales tax revenues can be utilized for the following: new facilities, additions and renovations, security, safety, ongoing maintenance, architectural planning, durable equipment (non-moveable items), fire prevention and life safety, land acquisition, energy efficiency, parking lots, demolition, roof repairs, and abatement of property taxes levied to pay bonds issued for capital purposes. Ineligible uses include: direct instructional costs, text books, buses, detached furniture and fixtures, computers, moveable equipment, operating costs and salaries.

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There are three ways to use the sales taxes. Districts could pay as you go for capital projects, issue new bonds for current capital needs, retire existing debt or any combination of the three methods. Interest on money received on a monthly basis and reserved for bond payments or future construction projects may be transferred to the General Fund, Education Fund, or Operation and Maintenance Fund.

The county sales tax allows Boards to decrease property taxes in two ways. The first way is a reduction in property taxes. A district can abate or decrease existing property taxes by using sales tax funds to pay off outstanding building bonds. Property taxes are reduced on residential, commercial and industrial properties. The second way is tax avoidance. A district can avoid levying property taxes by using sales tax funds to pay for facility projects that would have been paid for with property taxes.

A comparison of local sales tax rates demonstrated that the additional 1% tax would bring the tax rate in Morris to 7.25%, which is still lower in comparison to the 9% tax rate in Joliet.

In order to place the question before the voters, the school boards must pass a resolution. When school boards representing more than 50% of the resident student enrollment in the county adopt resolutions, the Regional Superintendent must certify the question to the county clerk and the county clerk will place the question on the ballot at the next regularly scheduled election. After approval by the voters, the tax will be imposed.

The sales tax money is distributed to school districts by the Regional Office of Education on a per student basis.

In order to be placed on the March 2013 ballot, resolutions will need to be passed by December 30, 2013. The county clerk must certify the resolutions no later than January 9, 2014.

QUESTIONS FROM MEMBERS OF THE BOARDS OF EDUCATION

1. Does specific use of the money need to be communicated to the community?
Use of the money does not need to be communicated, but can be specified if the Board knows exactly what they will be using the funds for. If a use is specified, the Board must be sure to carry through with the plan.
2. Impact on retail community?
There is no statistical evidence that illustrates that the rise in sales tax drives customers to other counties to make purchases.
3. Do local Chambers of Commerce usually support the tax?
Yes – there is no viable argument that shows business leaves the county.

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4. Who audits the expenditures for the county tax?
The state has not yet put an audit system in place for this tax, but will probably do so as more counties approve the tax. Be sure to talk with your accountants to make sure that expenditures made with the tax money are legal.
5. Does the ROE benefit by administering the tax?
The ROE gets nothing for administering the tax.
6. Can the state keep the sales tax money?
No
7. Can the tax go away?
If the County Board puts a question on the ballot to remove the tax, and the question is approved by the voters, then the tax can be removed. The tax cannot be removed, however, if any one of the districts secured bonds in order to pay for capital improvements.
8. Can the legislature repeal the tax?
Not if bonds are obligated to pay debt.
9. Will the internet tax apply?
If taxes are applied to internet purchases, then the 1% tax would be applied.
10. Has a study been done for loss of fuel tax due to truck drivers passing up stops in counties that have imposed the 1% tax?
No

PUBLIC COMMENT

Curt Jebens, commented that he believed that schools should be funded by sales tax completely, not property taxes. A 1% tax is a step in the right direction.

Ann Gill asked if the annual sales tax information that was provided on the work sheet included point of sales?

Yes – if taxes were paid.

CLOSING COMMENT

Coal City Board President Ken Miller thanked everyone for attending the informational meeting. Each school board made a motion to adjourn.

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ADJOURNMENT

Mrs. Gerber motioned and Mr. Finn seconded to adjourn the meeting at 8:38 p.m.

David R. Doglio, President

Carla J. Huston, Secretary