



2020 VISION

**A Strategic Analysis and Proposal To
Create A Pathway To Fund Strategic Goals As Set By The Marion City Council**

As Proposed to the Commissioners of the Marion City Council

By Mayor Michael W. Absher

September 2019



A STRATEGIC PROPOSAL

On May 28th, 2019 the Marion City Council set forth 5 strategic priorities for us to work on as a Council over the next 12-18 months, and to create a plan for those priorities to be sustained beyond.

STRATEGIC PRIORITIES

The goals are:

1. City-wide revitalization program to focus on the beautification of our town, signage and branding to better present ourselves to those that visit us
2. Economic Development tools, including answering “what’s after TIF” to be able to redevelop blighted areas of town as those TIFs start expiring soon
3. A Plan to see that uniformed sworn police officers are posted to the remaining 6 schools in our school district to protect our children and personnel
4. Code Enforcement Reform
5. Position our town and marketing ourselves aggressively to those that might seek to live here and bring their jobs here

The following discussion and proposal creates a sustainable pathway to implement **and achieve ALL FIVE PRIORITIES above in 2020 and beyond.**

CHANGING THE WAY OUR CITY SERVICES ARE FUNDED

Changing the way our City services are funded TO YOUR BENEFIT

Marion funds all its services to residents, from the Library, HUB, Police, Fire, Streets, Water and Sewer and every other service, mainly through two taxing mechanisms; which are

1) Property taxes on all owned property of residents and businesses

And

2) Sales taxes on items purchased within City

My proposal is made up of TWO components:

1) Raise our sales tax rate $\frac{3}{4}$ of 1 cent. This would change our sales tax rate from 8.75% to 9.5%. Not all items that you buy would be taxed at this higher rate; groceries, cars, RV's, boats, and prescription medicines are **NOT** taxed at the "home-rule" tax rate.

AND

2) **Eliminate** 100% of the City of Marion's property tax levy on all real property inside the City limits

How does this affect you?

For purposes of comparison for the remainder of this section, we are relying on the Census data which shows the average home in City limits is worth \$115,000 and the average household income is \$46,000 per year (American Fact Finder, 2019). Research shows that a household will spend approximately 10% of their household income per year within the City limits that would be subject to our City's Home Rule Sales tax rate.

Based on the 2017 Property Tax (Payable 2018) and the current City sales tax rate of 8.75%, this is what the average home-owning resident would pay to the City in Property Taxes and Sales Taxes on their spending:

\$115,000 divided by 3 = \$38,333 Assessed Valuation. City Tax Rate was \$0.5741 per \$100 of Assessed Valuation. Therefore, this average homeowner would have paid \$220.07 to the City in Property Tax.

CHANGING THE WAY OUR CITY SERVICES ARE FUNDED

This same average homeowner with a household income of \$46,000 that spent 10% of this amount on goods subject to the current City tax rate of 8.75% would pay \$4,600 times 8.75% which is \$402.50.

Our current City Tax structure for a resident owning an average home, with an average household income is therefore, \$220.07 in Property Tax and \$402.50 for a total of **\$622.57**.

This proposal would Eliminate the Property Tax Levy totally, and leave this same average resident paying 9.5% in sales tax on the \$4600.00 in spending, therefore paying a total of \$437.00 in taxes, **saving \$185.57 or cutting their tax burden to the City to pay for City Services by 30%**.

In short, while everyone will pay ¾ of one cent more on the items they purchase subject to home rule tax, **every property owner in city limits would have paid appx. 7.5% LESS of their total property tax bill if we had already enacted this proposal. That is REAL PROPERTY TAX RELIEF.**

The following is a table showing the same effects on taxes with different amounts for home value, and the proportionate income assumed for owning that home:

| Home Value | \$50,000 | Home Value | \$115,000 | Home Value | \$200,000 | Home Value | \$300,000 |
|------------------|----------|------------------|-----------|------------------|-----------|------------------|-----------|
| Household Income | \$20,000 | Household Income | \$46,000 | Household Income | \$80,000 | Household Income | \$120,000 |
| Taxable Spending | \$2,000 | Taxable Spending | \$4,600 | Taxable Spending | \$8,000 | Taxable Spending | \$12,000 |

CURRENT

Property Tax Rate 0.5741
Sale tax Rate 8.75%

Prop Tax \$\$ Paid \$95.68
Sales Tax \$\$ Paid \$175.00
Total Tax to City \$270.68

CURRENT

Property Tax Rate 0.5741
Sale tax Rate 8.75%

Prop Tax \$\$ Paid \$220.07
Sales Tax \$\$ Paid \$402.50
Total Tax to City \$622.57

CURRENT

Property Tax Rate 0.5741
Sale tax Rate 8.75%

Prop Tax \$\$ Paid \$382.73
Sales Tax \$\$ Paid \$700.00
Total Tax to City \$1,082.73

CURRENT

Property Tax Rate 0.5741
Sale tax Rate 8.75%

Prop Tax \$\$ Paid \$574.10
Sales Tax \$\$ Paid \$1,050.00
Total Tax to City \$1,624.10

PROPOSED

Property Tax Rate 0
Sale tax Rate 9.50%

Prop Tax \$\$ Paid \$ -
Sales Tax \$\$ Paid \$190.00
Total Tax to City \$190.00

PROPOSED

Property Tax Rate 0
Sale tax Rate 9.50%

Prop Tax \$\$ Paid \$ -
Sales Tax \$\$ Paid \$437.00
Total Tax to City \$437.00

PROPOSED

Property Tax Rate 0
Sale tax Rate 9.50%

Prop Tax \$\$ Paid \$ -
Sales Tax \$\$ Paid \$760.00
Total Tax to City \$760.00

PROPOSED

Property Tax Rate 0
Sale tax Rate 9.50%

Prop Tax \$\$ Paid \$ -
Sales Tax \$\$ Paid \$1,140.00
Total Tax to City \$1,140.00

Savings \$80.68
Percentage Saved 29.8%

Savings \$185.57
Percentage Saved 29.8%

Savings \$322.73
Percentage Saved 29.8%

Savings \$484.10
Percentage Saved 29.8%

Q & A

Q: How can this possibly be? How can you raise one tax and ELIMINATE another and the City and its taxpayers be better off?

A: The answer is surprisingly simple.....my research shows that somewhere between 60-70% of the sales tax paid in Marion, isn't paid by those that **LIVE** in Marion. Put another way, non-residents pay 60-70% of our sales taxes. Obviously, City residents and property owners pay 100% of our property taxes, however.

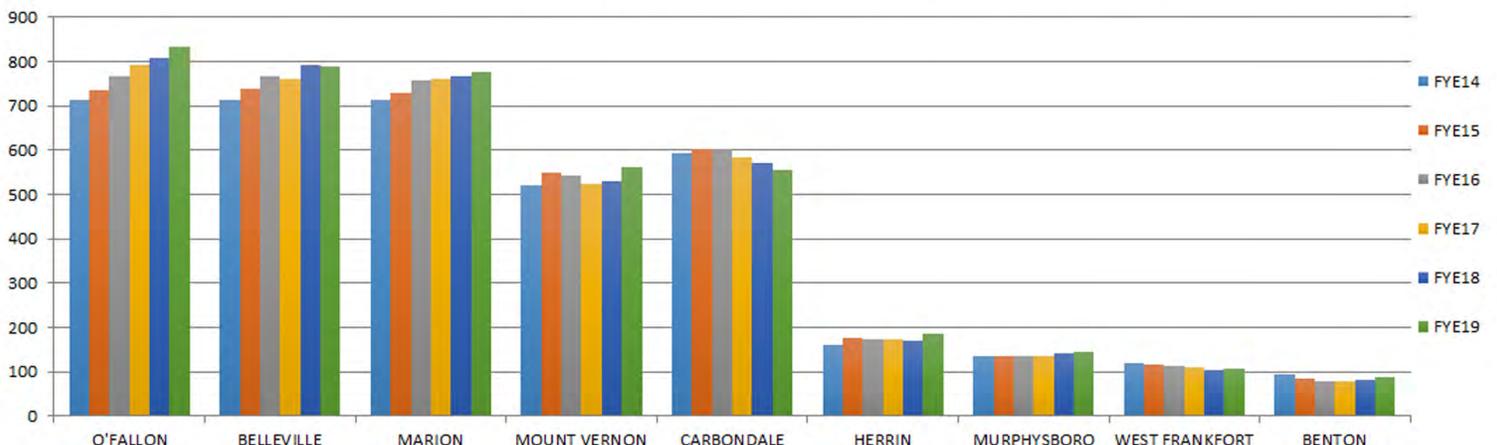
Q: So how does this PROPERTY TAX RELIEF benefit the City as a whole?

A: In short, for the City to raise new revenues to implement our Strategic Plan from Property Tax, we would have to either raise the existing rates on current property owners, hope that new people build new properties, or expand city limits. All of these are problematic mainly because "hoping" is not a good strategy, and I am opposed to any plan that would make it more expensive to live here. In fact, this strategic move in eliminating our property taxes, **POSITIONS** our town with an enormous amount of credibility to market ourselves as the **MOST AFFORDABLE** place to live among our peer towns as we seek new opportunities to locate new residents and their jobs here.

Q: Won't raising our sales taxes deter people from shopping here?

A: Yes, it is possible, but not likely. Consider the following graph showing peer towns to Marion that have enacted sales tax rate increases in the last 5 years, along with Marion as a reference. O'Fallon raised its sales tax by 1 cent on 1/1/17 and has seen an approximate sales increase of 10.6% since. Mt. Vernon similarly enacted a 1 cent increase on 1/1/18 and has seen sales raise by 7.7%. So, while it is possible that a higher sales tax deters people from shopping in the city, towns very close to us have simply not experienced ANY sales decrease at all, and in fact have seen respectful increases in their sales.

Towns with Sales Tax Rate Increases (Sales in millions)



REVIEW

So, let's review how all this change in the tax rates, affect real dollar amounts for the City and how will those funds be used. Tax Revenue is estimated based on current-year tracking of sales tax receipts:

$\frac{3}{4}$ of a one cent increase in home rule sales tax would generate approximately \$3,600,000.

Here is how I would recommend the dollars be invested to achieve our Strategic Goals:

1. Strategic Goal # 1: City-wide revitalization program to focus on the beautification of our town, dilapidated/neglected structure removal, signage and branding to better present ourselves to those that visit us.

a. This would encompass many things including two additional street department workers whose job it would be seek out and attend to public areas of town needing litter removal or detailed clean up (address how we appear through our Visitor's" glasses"), as well as the re-establishment of a citizen-led committee to define and propose beautification projects within the annual budget allotment.

Annual investment of \$400,000.

2. Strategic Goal #2: Economic Development tools, including answering "what's after TIF" to be able to redevelop blighted areas of town as those TIFs start expiring soon.

Annual Investment of \$1,000,000. We will deposit these funds into an investment account to be used for future economic incentives, including the establishment of a Revolving Loan fund for present and future business opportunities. Our biggest TIF is about to expire. We have built much of Marion in the last 33 years that it has existed, and it is expiring soon. We MUST prepare, and invest in, what is "next" for economic development tools so that future City leaders have a tool-set to help businesses and the families they will bring take a chance on Marion. Without this discipline and investment, we would have no tools once the last TIF expires.

REVIEW

3. Strategic Goal #3: Place uniformed, sworn police officers to the remaining 6 schools in our school district to protect our children and personnel.

Annual Investment of \$150,000. We have made an agreement with the school district to work together to pay for uniformed personnel. While much of the personnel costs will be reimbursed from the school district, the City will bear the cost of the supervision, training, uniforms, and necessary equipment to protect our community's most precious assets.

4. Strategic Goal #4: Code Enforcement Reform

Annual investment of \$150,000. We have a lot of work to do to modernize our ability to enforce the community standards that we choose to enact through Ordinances. We should not pass any Ordinances without the willingness and ability to enforce them. The fact is that we currently have two enforcement officers that are supposed to do all the work related to everything from nuisance ordinance violations to rental occupancy permits to commercial code inspections and enforcements. We have benchmarked vibrant communities such as O'Fallon, and our simple take-away is that we do not have enough people, software, or processes to serve our growing community. That plan would be forthcoming and is in progress, however, without funds to pay for it, it would be foolish and reckless to create this plan but have no resources to implement it.

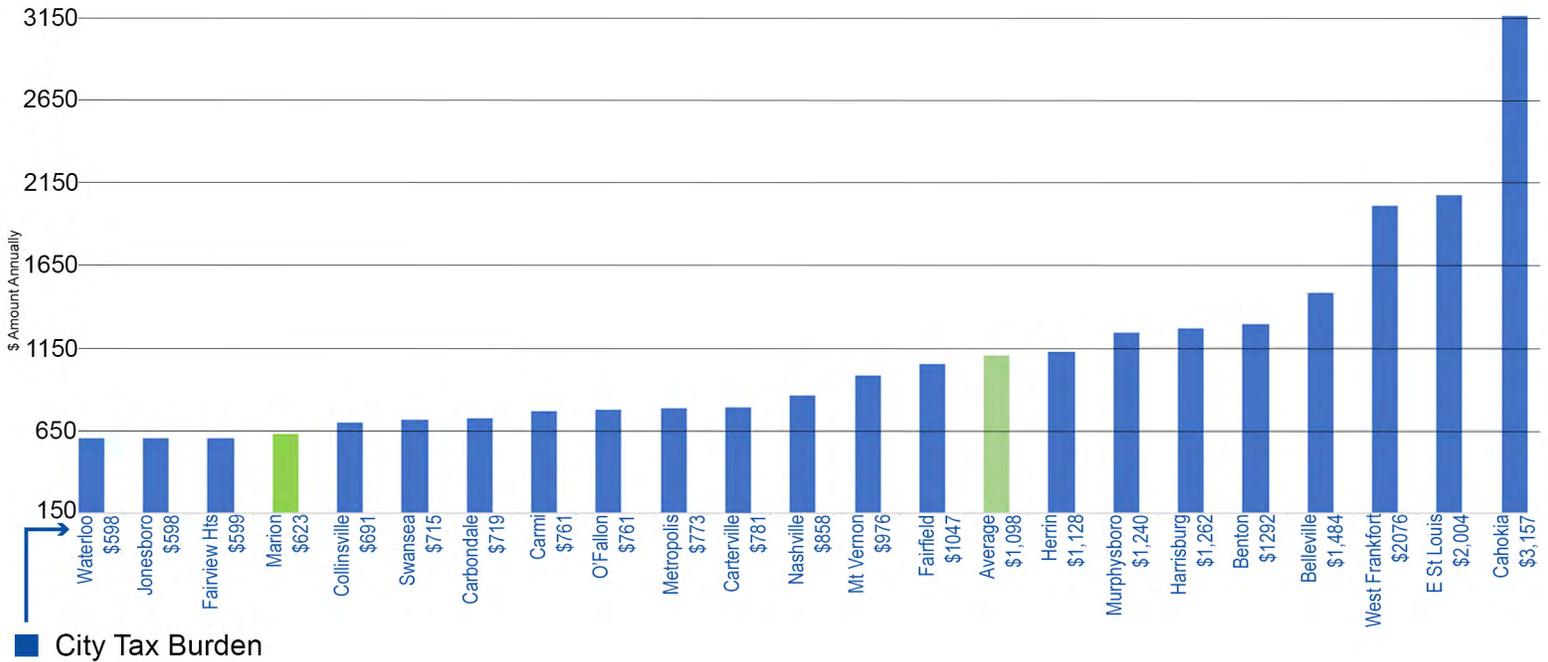
5. Strategic Goal #5: Position our town from being "more than just business friendly" and marketing our town aggressively to those that might seek to live here and bring their jobs here.

Property Tax Relief \$1,831,000. The facts presented below will create an enormous marketing opportunity as we can confidently advertise Marion as THE place to locate your family and/or business, as we will have a VERY compelling story. We will be positioned, locally as well as in the entire state, as the lowest tax burden to the resident property owner and business owner for city services provided!

Let's look at how this current and proposed tax structure RANKS US against all our benchmarked cities. Using the same math previously discussed of an average \$115,000 home (American Fact Finder, 2019) (Neighborhood Scout, 2019), and a \$46,000 household income, assuming 10% of that amount is spent within the city limits and subject to home rule tax, lets imagine for a moment that you can pick up that average home, income and spending, and take it to the towns listed. This is how your tax burden currently would look comparing Marion and our peer group:

REVIEW

CURRENT
City Sales Tax Plus City Property Tax (Average home and income)



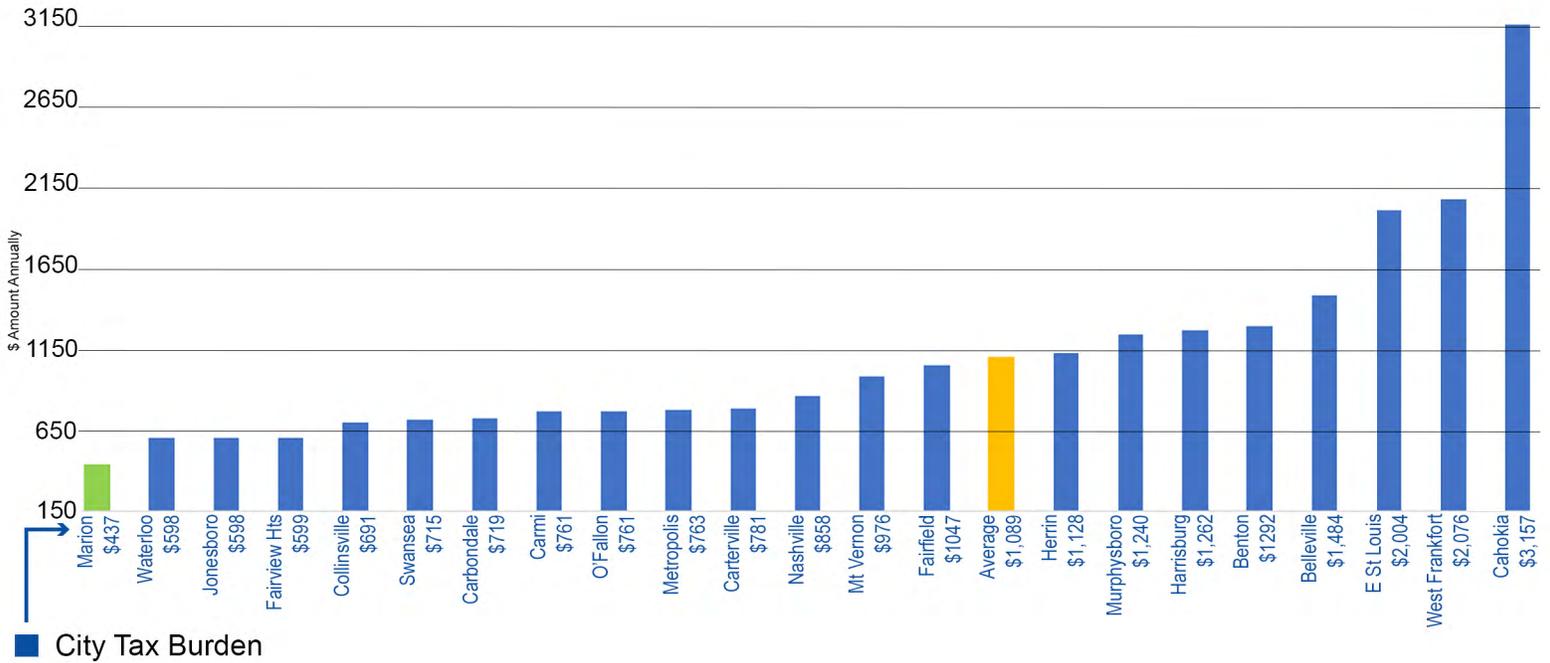
(Property Tax Statistics By Year, 2019)(Adj. by combining rates listed for City, Fire Protection, Sanitary, Library, Mosquito Abatement, Hospital, Public Health and Cemetery)



REVIEW

Now, let's look at the same graph using the PROPOSED ELIMINATION of City Property Tax, and a ¼ Cent increase in City Sales Tax

PROPOSED
City Sales Tax Plus City Property Tax (Average home and income)



(Property Tax Statistics By Year, 2019)(Adj. by combining rates listed for City, Fire Protection, Sanitary, Library, Mosquito Abatement, Hospital, Public Health and Cemetery)



REVIEW

Shown another way, of all the towns below benchmarked, you can see that **Marion will by far Rank Number 1 when comparing what residents pay to their City for services provided.** This is a very compelling message that we can market to prospective residents and businesses, while giving all of those that already own property here substantial property tax relief. That simple but powerful message is that it is far less expensive to live in Marion as compared to almost all other towns in Illinois, particularly when compared to our peer towns! We would be 27% less expensive than our nearest peer Waterloo, and 39% less than Carbondale, 43% less than O'Fallon and Carterville, 61% less than Herrin, and 65% less than Harrisburg!

| City | CityCompRank | Adj City Rate | SalesTaxRt | City Prop Tax | City Sales Tax | City Tax Burden | Marion as % of |
|----------------|--------------|---------------|------------|---------------|----------------|-----------------|----------------|
| Marion | 1 | 0.0000 | 9.50% | \$ - | \$ 437 | \$ 437 | |
| Waterloo | 2 | 0.5391 | 8.50% | \$ 207 | \$ 391 | \$ 598 | -27% |
| Jonesboro | 3 | 0.5410 | 8.50% | \$ 207 | \$ 391 | \$ 598 | -27% |
| Fairview Hts | 4 | 0.4997 | 8.85% | \$ 192 | \$ 407 | \$ 599 | -27% |
| Collinsville | 5 | 0.7107 | 9.10% | \$ 272 | \$ 419 | \$ 691 | -37% |
| Swansea | 6 | 0.8039 | 8.85% | \$ 308 | \$ 407 | \$ 715 | -39% |
| Carbondale | 7 | 0.7062 | 9.75% | \$ 271 | \$ 449 | \$ 719 | -39% |
| Carmi | 8 | 1.0250 | 8.00% | \$ 393 | \$ 368 | \$ 761 | -43% |
| O'Fallon | 9 | 0.9837 | 8.35% | \$ 377 | \$ 384 | \$ 761 | -43% |
| Metropolis | 10 | 1.1454 | 7.25% | \$ 439 | \$ 334 | \$ 773 | -43% |
| Carterville | 11 | 0.9874 | 8.75% | \$ 379 | \$ 403 | \$ 781 | -44% |
| Nashville | 12 | 1.4877 | 6.25% | \$ 570 | \$ 288 | \$ 858 | -49% |
| Mt Vernon | 13 | 1.4349 | 9.25% | \$ 550 | \$ 426 | \$ 976 | -55% |
| Fairfield | 14 | 1.8909 | 7.00% | \$ 725 | \$ 322 | \$ 1,047 | -58% |
| Average | | 1.8305 | 8.62% | \$ 702 | \$ 397 | \$ 1,098 | -60% |
| Herrin | 16 | 1.8924 | 8.75% | \$ 725 | \$ 403 | \$ 1,128 | -61% |
| Murphysboro | 17 | 2.1253 | 9.25% | \$ 815 | \$ 426 | \$ 1,240 | -65% |
| Harrisburg | 18 | 2.3319 | 8.00% | \$ 894 | \$ 368 | \$ 1,262 | -65% |
| Benton | 19 | 2.2294 | 9.50% | \$ 855 | \$ 437 | \$ 1,292 | -66% |
| Belleville | 20 | 2.7793 | 9.10% | \$ 1,065 | \$ 419 | \$ 1,484 | -71% |
| E St Louis | 21 | 4.0461 | 9.85% | \$ 1,551 | \$ 453 | \$ 2,004 | -78% |
| West Frankfort | 22 | 4.2744 | 9.50% | \$ 1,639 | \$ 437 | \$ 2,076 | -79% |
| Cahokia | 23 | 7.2632 | 8.10% | \$ 2,784 | \$ 373 | \$ 3,157 | -86% |

Sales Tax Rates as of July 1, 2019 as per <https://mytax.illinois.gov/>

SUMMARY

This Proposal seeks to provide a means to accomplish the City Council's 5 Strategic Goals. These means are accomplished by raising our home-rule sales tax $\frac{3}{4}$ of one cent, from 8.75% to 9.5%, and eliminating taxing businesses and residents on the property they own. The breakdown of the Revenue Generated by this change, and the uses of those funds are below:

Goal:

1. City-wide revitalization program to focus on the beautification of our town, signage and branding to better present ourselves to those that visit us.
2. Economic Development tools, including answering "what's after TIF" to be able to redevelop blighted areas of town as those TIFs start expiring soon.
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4. Code Enforcement Reform
5. Position our town and marketing ourselves aggressively to those that might seek to live here and bring their jobs here.

New Revenue Uses of Funds

| | |
|-------------|-------------|
| New Revenue | \$3,612,955 |
|-------------|-------------|

Less Strategic Investments:

| | | |
|---------|--------------------|---------------|
| Goal #1 | Revitalization | \$(400,000) |
| Goal #2 | Econ. Incent. Fund | \$(1,000,000) |
| Goal #3 | School Officers | \$(150,000) |
| Goal #4 | Code Enforcement | \$(150,000) |

| | | |
|---------|-----------------|---------------|
| Goal #5 | Prop Tax Relief | \$(1,831,152) |
| | Total | \$(3,531,152) |

| | |
|---------------------|----------|
| Excess/(Deficiency) | \$81,803 |
|---------------------|----------|

In short, this change provides **THESE BENEFITS:**

- A means of funding a substantial, and sustained, Revitalization and beautification program to improve our surroundings
- Answers "what's next after TIF" by investing into an economic incentive fund including a Revolving Loan Fund that EARNs money for the taxpayer, AND gives future City leaders a tool set to attract to and keep businesses in Marion.
- Places uniformed Sworn Marion Police Department officers in every school building in the District
- Substantial, and sustained personnel and resources to enforce City codes.
- SUBSTANTIAL Property Tax relief projected to lower total Property Tax bills by appx 7.5% and positioning our town as the lowest cost, highest value for taxes paid versus services provided compared to all our peer towns locally, and throughout the entire state.

REFERENCES

American Fact Finder. (2019, August 12). Retrieved from U.S Census:
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