The following is a summary of major revenue sources, trends, and assumptions for the FY 2019 Proposed Budget:

**SALES TAXES** – The City receives two types of sales taxes – one from the State of Illinois and another from a sales tax imposed through the City’s home-rule status. Both the State tax (retailers’ occupation tax- a.k.a. ROT) and the home rule tax rates are 1%, although the home rule tax is not assessed on “listed” property such as vehicles and most grocery food items and medications. A 2% administrative fee was enacted on the 1% home rule tax sales tax rate which resulted in a $150,000 loss in revenue in FY2018. The State of Illinois FY2019 enacted budget reduced the collection fee from 2% to 1.5%.

**INCOME TAX** – Income tax is a State shared tax that is distributed on a per capita basis and is based on the average income statewide. Based on the year-to-date actual receipts and Illinois Municipal League (IML) estimates, staff anticipates receiving approximately $7.2 million in income tax revenues. The State’s enacted 2019 budget reduces the holdback of income taxes from the Local Government Distributive Fund to 5% from its FY2018 level of 10%.
REAL ESTATE TRANSFER TAX – Prior to 2019, the real estate transfer tax was $5 per $1,000 increment of value on the sale or transfer of real estate in the City, less certain exemptions as specified per City code. The tax rate was changed through a November 2018 ballot proposal, enacted by Ordinance 148-O-18. This increased the tax to $7 per $1,000 on sales from $1.5 to $5 million in value, and to $9 per $1,000 on sales over $5 million in value. Real estate transfer tax revenues were budgeted based on year-to-date receipts in conjunction with an analysis of regional real estate sales trends.

WATER REVENUES – Water revenues from Evanston’s water utility customers are expected to increase from the prior year due to increased rates. The rate increase is offset for Evanston residents by a decrease to the Sewer rate. This revenue is almost entirely dependent on water consumption with weather playing a major role, especially during the summer. Evanston water sales in FY2019 will see a revenue increases due to new connections with the Villages of Morton Grove and Niles. The Village of Skokie water revenue is budgeted at $2.06 per 1,000 gallons for FY2019, compared to $1.50 in FY2018.
SEWER REVENUES – This revenue is billed based on water consumption. Revenue is expected to decrease in 2019 due to decreased rates. This is offset for Evanston residents by an increase in water rates. It is important to note that this revenue, unlike water, is not assessed to those communities outside of Evanston that purchase Evanston water.

PARKING REVENUES – The City owns and operates parking meters, lots, and three major garages, which combined, will generate an estimated $10.5 million in revenues in FY2019. For FY2019, there is an accounting change to the way the revenue is recorded. Previously this revenue was directly deposited into the General Fund, however the City will now deposit this money into the Parking Fund and transfer this allocation via an interfund transfer. This transfer is similar to the police and fire pension fund transfers. Additionally, many parking rates were increased in the 2019 budget process, as detailed in the Budget Balancing worksheet in the transmittal letter of this document.