

ORDINANCE NO. 25-\_\_\_\_\_

**AN ORDINANCE AMENDING SECTION 9 (FOOD AND BEVERAGE TAXES) AND  
SECTION 11 (HOME RULE MUNICIPAL RETAILERS' OCCUPATION TAX  
AND HOME RULE MUNICIPAL SERVICE OCCUPATION TAX)  
OF CHAPTER 1 (MUNICIPAL OCCUPATION TAXES),  
TITLE 3 (BUSINESS AND LICENSE REGULATIONS),  
OF THE NAPERVILLE MUNICIPAL CODE**

**WHEREAS**, the City of Naperville is a home rule unit of local government pursuant to the provisions of Article VII, Section 6 of the Constitution of the State of Illinois; and

**WHEREAS**, pursuant to Article VII, Section 6(a), of the Illinois Constitution, the City of Naperville ("City") may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to regulate for the protection of the public health, safety, morals and welfare which includes the broad general power to tax; and

**WHEREAS**, the Home Rule Municipal Retailers' Occupation Tax Act (65 ILCS 5/8-11-1) and the Home Rule Municipal Service Occupation Tax Act (65 ILCS 5/8-11-5) authorizes the imposition of home rule municipal occupation sales taxes by a home rule municipality upon all persons engaged in the business of selling certain tangible personal property at retail in the municipality of the gross receipts from such sales; and upon all persons engaged in the municipality of certain tangible personal property transferred by said servicemen either in the form of tangible personal property or in the form of real estate as an incident to a sale of service; and

**WHEREAS**, taxes imposed under the Home Rule Municipal Retailers' Occupation Tax Act and the Home Rule Municipal Service Occupation Tax Act must be imposed jointly and at the same rate; and

**WHEREAS**, taxes imposed under Home Rule Municipal Retailers' Occupation Tax Act and the Home Rule Municipal Service Occupation Tax Act shall be administered, collected and enforced by the Illinois Department of Revenue; and

**WHEREAS**, an ordinance imposing a "Home Rule Sales Tax" per the Home Rule Municipal Retailers' Occupation Tax Act and the Home Rule Municipal Service Occupation Tax Act, was adopted by the City in 2015 and a one half of one percent (0.50%) tax was implemented January 1, 2016; and

**WHEREAS**, the City Council amended the Home Rule Municipal Retailers' Occupation Tax and the Home Rule Municipal Service Occupation Tax on March 6, 2018, by increasing the tax rate to three-quarters of one percent (0.75%), effective July 1, 2018; and

**WHEREAS**, the City Council has now determined that increasing the "Home Rule Sales Tax" per the Home Rule Municipal Retailers' Occupation Tax Act and the Home Rule Municipal Service Occupation Tax Act to one percent (1.00%), effective January 1, 2026, would be in the best interests of the City and the public; and

**WHEREAS**, the additional one-quarter of one percent (0.25%) shall be allocated to the General Fund to support general operating expenses after the State of Illinois' elimination of the grocery tax; and

**WHEREAS**, an ordinance increasing the "Home Rule Sales Tax" per the Home Rule Municipal Retailers' Occupation Tax Act and the Home Rule Municipal Service Occupation Tax Act, must be adopted and filed with the Illinois Department of Revenue on or before October 1, 2025 in order for the Illinois Department of Revenue to administer and enforce the Home Rule Sales Tax as of January 1, 2026; and

**WHEREAS**, the City's Downtown Food and Beverage Tax, pursuant to Section 3-1-9 of Naperville Municipal Code, requires an adjustment of said tax in the event of an increase of the Citywide "Home Rule Sales Tax" imposed for the purpose of financing parking facilities, and since it is foreseeable the Home Rule Sale Tax may be used to reduce debt related to said parking facilities; and

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NAPERVILLE, DUPAGE AND WILL COUNTIES, ILLINOIS, in exercise of its home rule authority that:**

**SECTION 1:** The foregoing recitals shall be and are hereby incorporated as findings of fact as if said recitals were fully set forth herein.

**SECTION 2:** Title 3 (Business and License Regulations), Chapter 1 (Municipal Occupation Taxes), Section 11 (Home Rule Municipal Retailers' Occupation Tax and Home Rule Municipal Service Occupation Tax) of the Naperville Municipal Code is hereby amended by deleting the stricken language and adding the underlined language as follows:

**3-1-11: - HOME RULE MUNICIPAL RETAILERS' OCCUPATION TAX AND HOME RULE MUNICIPAL SERVICE OCCUPATION TAX:**

1. Tax Imposed: A tax is hereby imposed upon all persons engaged in the business of selling tangible personal property, other than an item of tangible personal property titled or registered with an agency of the government of the State of Illinois, at retail in the City of Naperville at the rate of ~~three-quarters of one percent (0.75%)~~ one percent (1.00%) of the gross receipts from such sales made in the course of such business while this section is in effect; and a tax is hereby imposed upon all persons engaged in the City of Naperville in the business of making sales of service, at the rate of ~~three-quarters of one percent (0.75%)~~ one percent (1.00%) of the selling price of all tangible personal property transferred by such serviceman as an incident to a sale of service. This "Home Rule Municipal Retailers' Occupation Tax" and this "Home Rule Municipal Service Occupation Tax" shall not be applicable to the sales of food for human consumption which is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and

non-prescription medicines, drugs, medical appliances and insulin, urine testing materials, syringes and needles used by diabetics.

The taxes imposed by this Section shall be used for the purpose of funding capital projects, reducing debt obligations, and replenishing cash reserves, ~~except that during the 2020 and 2021 budget years, taxes may be used for other purposes as deemed necessary and appropriate by the City Council.~~ Effective January 1, 2026, an amount up to one quarter of one percent (0.25%) may be used for the purpose of funding general municipal operations.

The imposition of these home rule taxes is in accordance with and subject to the provisions of Sections 8-11-1 and 8-11-5, respectively, of the Illinois Municipal Code (65 ILCS 5/8-11-1 and 5/8-11-5).

2. Illinois Department of Revenue to Administer: 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 Department of Revenue shall have full power to administer and enforce the provisions of this section.

**SECTION 3:** Title 3 (Business and License Regulations), Chapter 1 (Municipal Occupation Taxes), Section 9 (Food and Beverage Taxes) is hereby amended by deleting the stricken language and adding the underlined language as follows:

**3-1-9: - FOOD AND BEVERAGE TAXES:**

1. Definitions: \* \* \*
2. Tax Imposed:
  - 2.1 Retail Food Facilities Throughout The City: Commencing on July 1, 2004, a tax, in addition to any and all other taxes, is hereby levied and imposed upon the privilege of the retail purchase of alcoholic liquor, food or beverages at any "retail food facility" or "retail liquor facility", as herein defined, within the City, at the rate of one percent (1%) of the purchase price of such alcoholic liquor, food or beverage, the ultimate incidence of and liability for payment of which shall be borne by the purchaser thereof.
  - 2.2 Retail Food Facilities Within The Downtown:
    - 2.2.1 Commencing November 1, 2008, a downtown food and beverage tax, in addition to any and all other applicable taxes, including the one percent (1%) food and beverage tax described in Subsection 3-1-9:2.1 of this Section, is levied and imposed upon the privilege of

the retail purchase of alcoholic liquor, food or beverages at any "retail food facility", as herein defined, within the downtown, at the rate of ~~three-quarters of one percent (0.75%)~~ one-half of one percent (0.50%) of the purchase price of such alcoholic liquor, food or beverage, the ultimate incidence of and liability for payment of which shall be borne by the purchaser thereof.

2.2.2 Use Of Funds; Expiration Of Tax: The funds raised by the downtown food and beverage tax are restricted for use as a funding source for construction and maintenance of parking facilities within the downtown and shall not be utilized for the payment of greater than sixty-six percent (66%) of the total cost of any individual parking facility. The ~~three-quarters of one percent (0.75%)~~ one-half of one percent (0.50%) downtown food and beverage tax shall terminate upon the expiration of twenty-five (25) years from the date of implementation of the tax.

2.2.3 Citywide Home Rule Sales Tax: Should the City enact a Citywide home rule sales tax for the purpose of financing parking facilities at any time that this downtown food and beverage tax is being collected, this downtown food and beverage tax shall be adjusted by the home rule sales tax revenue paid by those entities and that is intended for construction or maintenance of parking facilities in the downtown. Said adjustment shall not exceed the ~~three-quarters of one percent (0.75%)~~ one percent (1.00%) rate annually.

2.2.4 Downtown Parking Fee: Should the City enact a fee of general applicability in the downtown, which fee is imposed as a funding source for construction of parking facilities in the downtown, said fee shall be adjusted by the City in an equitable manner taking into consideration the revenue paid by those entities in the downtown subject to this downtown food and beverage tax and the capital needs for parking facilities in the downtown that can be attributed to the parking demand of those entities. For purposes of this Section, a special service area tax shall not be considered a downtown parking fee.

3. Exemptions: through 10. Violations:       \*                       \*                       \*

**SECTION 4:** Except as specifically set forth in Section 7 hereof, all ordinances and resolutions, 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 5:** 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:** The effective date of this Ordinance shall be in accordance with the provisions set forth in 65 ILCS 5/1-2-4. Notwithstanding the foregoing, the one percent (1.00%) Home Rule Municipal Retailers' Occupation Tax and Home Rule Municipal Service Occupation Tax established herein 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:** If any section, paragraph, or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, or provision shall not affect any of the remaining provisions of this Ordinance or any other City ordinance or resolution.

PASSED this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

AYES:

NAYS:

ABSENT:

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

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Scott A. Wehrli  
Mayor

ATTEST:

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Dawn Portner  
City Clerk