Public Hearing

July 16, 2020

5:30 p.m.

Harrisburg City Council Room

Harrisburg, IL

Mayor John McPeek called the Special Meeting to order. Mayor John McPeek presided over the meeting with Commissioners Raymond Gunning, Roger Angelly, Rupert Johnson and Ron Morse answering roll call.

Keith Moran via zoom discussed the Business District Tax. He has been helping the City of Harrisburg with economic development. A TIF district recently expired that generated about $1.5 million dollars a year which was being used to fund different types of improvements. This is leaving a void in revenue to make necessary public improvement within the City. Since then, two TIF Districts have been established. The Downtown TIF and the Veterans Drive TIF District and the focus is redevelopment in both areas.

This is not a property tax-based program. It is a sales tax-based program. A lot of cities are using this program to help facilitate development and redevelopment. This allows communities to bump up their sales tax up to 1%. The City of Harrisburg is look at .75% increase. The dollars are used within the Business District area for redevelopment. There will be a direct impact on the tax in the Business District development area. It will fund public infrastructure improvement projects. It will facilitate private redevelopment activity as well.

The area is from Arrowhead Shopping Center North and includes downtown to Commercial and down South to Ron Morse Drive. This is something that has been discussed for more than a year. This will help with improvements the public expects to be made and there is not a lot of ways to fund them.

The current sales tax rate is 8%. The rate will go up to 8.75% and the difference on a $20 purchase between the current rate and the new rate would be fifteen cent increase. There are a lot of people coming to the City of Harrisburg to do their shopping. This increase will help maintain the road, infrastructure, and emergency services. The City of Marion sales tax rate is 9.5%. The City of Harrisburg is proposing the sales tax to be 8.75%. The City of Harrisburg is going to remain lower than the surrounding town.

The sales tax does not apply to prescription drugs, medical purchases, or grocery items. It also does not apply to anything that is licensed to the State of Illinois such as car dealers. We think the tax will generate 750,000 to a million dollars a year. These funds must be used in the Business District Area.

The specific types of programs include Main Street/Poplar Street revitalization. We would like to tear down some old buildings. There was a lot of discussion to demolish the Malan Junior High building to make it a more functional site. Revitalization and rehab on Vine Street. We can shine up the City. We can use the money for new development and attract new business to the community.

Business District funds can be used along with TIF funds in helping existing business expand. There are businesses in the TIF District and if anyone is looking to make an expansion or investment in the property, the TIF program can be used with those types of expansions. We want to see buildings that need improvements to get those improvements. We want to see businesses expand. The money generated in the Business District will go right back into the community. This will allow projects that need to be completed and to get some things done. The money can be used to help in the flood area in the Business District. It can used as emergency relief with the flooding area.

Citizen Terry Maynard expresses his concerns for the Business District. He stated his biggest sales are from the Marion area. Our lower sales tax gives them the advantage. The community in Marion has more jobs. He likes the idea of expanding, but he asked if our town is growing. Mayor John McPeek stated no. Citizen Maynard would like to see the Business District put on a ballot and let the citizens of Harrisburg decide. The community is not growing and the big advantage we have is the lower sales tax. If it does pass, let the people of Harrisburg decide.

Citizen Michael Maynard stated the last tax increase was on a referendum for a vote. A lot of people from the Golconda and the river area take their business to Paducah, KY. They will get prices from Paducah and they will price match which means they make very little, but he does not want to lose a sale. There are a lot of Harrisburg shoppers in Paducah, Marion, and Carbondale. Since Marion passed the sale tax increase of 9.5%, they have seen an increase in customers who left Marion and Carbondale. They come to Harrisburg to shop because of the lower sales tax. They will also make other purchases in Harrisburg such as food. If the Business District brings in $900,000 that equates to $100.00 per citizen. He would like to see this as a vote.

Keith Moran understands their concern. The rate is still lower than where most individuals go to shop. The public hearing is for hearing everyone’s concern. Citizen Terry Maynard asked how much money is received or expected from the marijuana sales. Mayor John McPeek stated he thinks it will generate $25,000 per month once the City of Harrisburg starts receiving the money. It is going to do better than expected.

Commissioner Ron Morse made the motion to adjourn. Seconded by Commissioner Roger Angelly. A roll call vote was taken with all present voting yes. Motion carried.

Adjourn: 5:50 p.m.