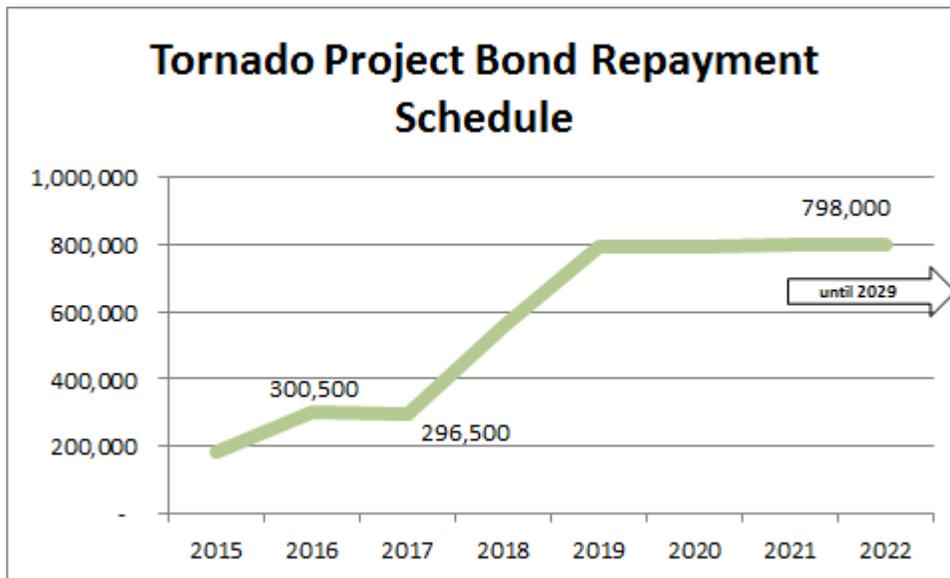


## Tornado Cleanup Must be Paid, But How Shall It be Paid?

The Village of Coal City endured an EF-3 Tornado with winds that surpassed 160 m.p.h. On June 22, 2015. The effort of first responders, galvanized volunteerism, and focus upon recovery led to a changed community. The majority of these changes can be observed physically including updated housing and a great deal more of visible horizon for Coal City residents who live behind the Coal City High School, south of the BNSF railroad tracks or within the Black Diamond & Richards Crossing subdivisions. However, the community's cleanup came at a price. The price for the 6-22 Tornado is \$6.3 million.

This total amount was financed via bonds and has been recorded at the offices of the Grundy County and Will County Clerks to be paid on an annual basis from now until 2029. Due to the extended time it takes for residents to wrangle and settle their homeowners'



insurance policies, the bond repayment schedule included graduated steps to ensure the entire community repaid the debt due to the tornado cleanup response. The effort of the Village Board to restructure the existing debt instrument is a function of the Board's desire for

the entire community to pay for the cost of storm response, and to allow the State of Illinois to overcome its budget impasse prior to payments being due for the tornado-related debt. Since the 6-22 Tornado did not meet the minimum threshold for federal funding, the State is relied upon to provide funding; no monies have been received to date.

In light of the continued impasse in Springfield, it is reasonable to believe no contribution from the State of Illinois shall be provided to plug the \$6.3 million shortfall caused by this natural disaster. In order to sell the bonds, this debt has been recorded against the future property taxes to be collected until 2030. This debt represents 16% of the total annual levy at its current repayment level of \$300,500. This debt is scheduled to increase upwards to 31% by 2019 due to the scheduled repayment of \$798,000. Securing alternative revenue sources to replace the scheduled property tax contribution would result in reduced tax

levies. Aside from being able to lower the scheduled property tax collections, the contemplated gas tax would be collected from everyone who travels through the municipality; this results in capital debt being paid by everyone who utilizes Coal City roads, not just its captive residents. The focus by the Village Board upon the means of revenue production is due to considering the impacts of the two different taxation methods.

Below is the expected impact if the Village Board cannot generate any alternative revenue streams to augment the repayment of the existing debt.

<b>Estimate of Outstanding Bond Debt for CC Residents</b>					
Estimated EAV	Estimated Levy Rate	Refinanced Bond Paymt	Estimated Increase in Rate (Yr. over Yr.)		
	0.09486	184,898		2015	
108,294,808	0.27748	300,500	0.18262	2016	
113,168,074		296,500	-	2017	
115,875,444	0.47745	553,250	0.19997	2018	
118,041,340	0.67392	795,500	0.19646	2019	

This is the increase per \$100,000 of market value of a Coal City Home	
Increase * Compared TO	
Base Year (2015)	Prior Tax Levy Year
\$ 60.87	
same as prior	
\$ 127.53	\$ 66.66
\$ 193.02	\$ 65.49

\* this increase is without the homestead exemption (the exemption lessens the impact by \$10)

The total annual bond repayment is provided in the third column entitled “Refinanced Bond Payment.” To date, Coal City has remitted its first payment of \$184,898 to the bondholders; a payment of \$300,500 was levied in the 2016 property tax levy to be collected this upcoming summer. The payment is similar again in the 2017 levy to be collected in the summer of 2018, but there are two more large steps until the bond payment levels off at its annual payment of approximately \$795,000 until the bonds are retired in 2029. The effect of these increased property taxes is shown within the green box in the last two columns. This past year’s levy passed on an increase of approximately \$60 per \$100,000 of market value on one’s property. While this does not increase in 2017, there are two more similar steps, which will result in the final increase being an increase of \$193.02 per \$100,000 of market value compared to the levy of 2015 (as seen in the sixth column - “Increase Compared TO Base Year”).

If the Village Board should be provided with homerule authority, it would have the ability to levy a gasoline tax at gas stations within Coal City. The Board has contemplated a \$0.05 tax per gallon and expects to raise approximately \$200,000 annually from this tax. Unlike, the property taxes that must be paid at an increased rates, the local gas stations shall continue to charge the same amount for gasoline. Currently, residents within Coal City pay

a premium for gasoline when compared to other locations - the Coal City gas stations charge the most they can to capture the largest share of the available market. A home rule gas tax shall not change this price setting philosophy.

Although Coal City provides the minimum sales tax collection available within Illinois (i.e. 6.25%) and is currently a non-home rule municipality, Coal City gas stations regularly charge more at the pump than other gas stations (such as Channahon), which are being taxed \$0.06 per gallon or are located in other Counties with additional transportation taxes. It is foreseeable the gas tax will not result in the same annual increase per household since Coal City residents will receive the benefit of anyone filling up in Coal City.