Equitable Revenue Enhancement Plan: A Tiered Tax Structure for Large-Scale Entities in Southeast Highland Park

amendHp.com/plan

City of Highland Park, Illinois
Proposal for Amending the Tax Code

Title:
Formal Tax Proposal: A Tiered Revenue Structure for Large-Scale Entities in Highland Park

Prepared By:
Levi Kane
Highland Park Citizen
9/6/2024

Submitted To:
The Mayor and City Council
City of Highland Park
1707 St. Johns Ave, Highland Park, IL 60035

Purpose:
To introduce and propose amendments to the Highland Park Tax Code aimed at establishing a fair and equitable tax structure for large entities grossing over $15 million annually and which operates within the demarcated boundaries south of Roger Williams Avenue and east of Green Bay Road. This plan ensures that such entities contribute appropriately to city resources, provide funding for local education, promote environmental sustainability, and support the long-term financial health of Highland Park. The proposal also respects current agreements with applicable entities by deferring specific taxes until the expiration of those agreements, after which the full tax structure will take effect.

Date of Submission:
9/8/2024

Formal Tax Proposal: A Tiered Revenue Structure for Large-Scale Entities in Highland Park

Objective:

This proposal aims to introduce a new tax structure for large amusement entities grossing **$15 million or more in annual revenue** and which operates within the demarcated boundaries south of Roger Williams Avenue and east of Green Bay Road. The structure will ensure such entities contribute fairly to the city's financial needs, environmental sustainability, and educational programs. While Ravinia Music Festival is used as an example throughout, the tax code applies to any qualifying entity. If an entity has an existing agreement with the city that prevents portions of this code from being enacted, those portions will be deferred until the agreement expires, at which point the full tax code will take effect.

Section 1: Sales Tax for Schools (2.1%)

Any entity grossing over $15 million annually and which operates within the demarcated boundaries south of Roger Williams Avenue and east of Green Bay Road, shall be subject to a **2.1% sales tax** on gross revenue. The proceeds of this tax will be specifically allocated to reduce the property tax burden on Highland Park residents by funding local schools.

This **2.1%** sales tax rate is directly derived from the portion of property taxes currently allocated to school funding. Approximately **70% of the city's average 3% property tax rate** is used for local schools, which results in the **2.1%** figure. This tax shifts a portion of the school funding responsibility from residents to large entities, offering much-needed relief to homeowners.

This measure is expected to reduce the annual property tax burden on residents by approximately **2.51%**.

- **Example Calculation** (based on $35,000,000 in sales):

  35,000,000×0.021 = **$735,000 USD annually**

---

amendHp.com/plan

Section 2: Carbon Emissions Tax ($130 per metric ton)

In alignment with internationally recognized environmental standards, and specifically following the exemplary carbon emissions framework established by the progressive policies of Sweden, any entity meeting the aforementioned gross revenue threshold and location boundaries shall be subject to a **carbon emissions tax**, calculated at the rate of **$130 per metric ton** of carbon dioxide emitted. This tax is applicable to entities whose operations result in substantial environmental impacts, including but not limited to emissions arising from vehicular traffic related to the entity's events or activities.

For example, a qualifying entity such as the Ravinia Music Festival, which hosts approximately **135 events** annually and draws an estimated average of **1,500 cars per event**, would generate significant vehicle emissions. According to the EPA, each vehicle contributes **0.008 metric tons** of CO2 per average 10 mile round trip. When multiplied by the total number of vehicles attending these events over the course of the year, this results in an estimated **1,620 metric tons of CO2 emissions annually**.

- **The resulting tax obligation under the carbon emissions tax structure would be calculated as follows:**

  1,620×130 = **$210,600 USD annually**

Section 3: Naming Rights Tax (1%)

Any entity whose gross revenue surpasses $15 million annually and which operates within the demarcated boundaries south of Roger Williams Avenue and east of Green Bay Road, and which utilizes the name, designation, or any geographic identifier or culturally significant landmark associated with the City of Highland Park, any of its districts, or subdivisions, for purposes of marketing, branding, promotional materials, or other public-facing communications, shall be subject to a **1% naming rights tax**. This tax is instituted to ensure that entities benefitting from the historic and cultural prestige of Highland Park contribute equitably to its ongoing vitality.

- **Example Calculation Using $35,000,000 in Sales:**

  35,000,000×0.01 = **$350,000 USD annually**

Section 4: Amusement Tax (10%) + Property Tax Equivalent

In the instance of any amusement entity whose annual gross revenue exceeds $15 million, and which operates within the demarcated boundaries south of Roger Williams Avenue and east of Green Bay Road, said entity shall be subject to a **10% amusement tax**. However, in cases where existing contractual agreements preclude the immediate implementation of this tax (such as the pre-existing agreement with Ravinia Music Festival, set to expire in 2026), the enforcement of this tax shall be deferred until the expiration of said agreement.

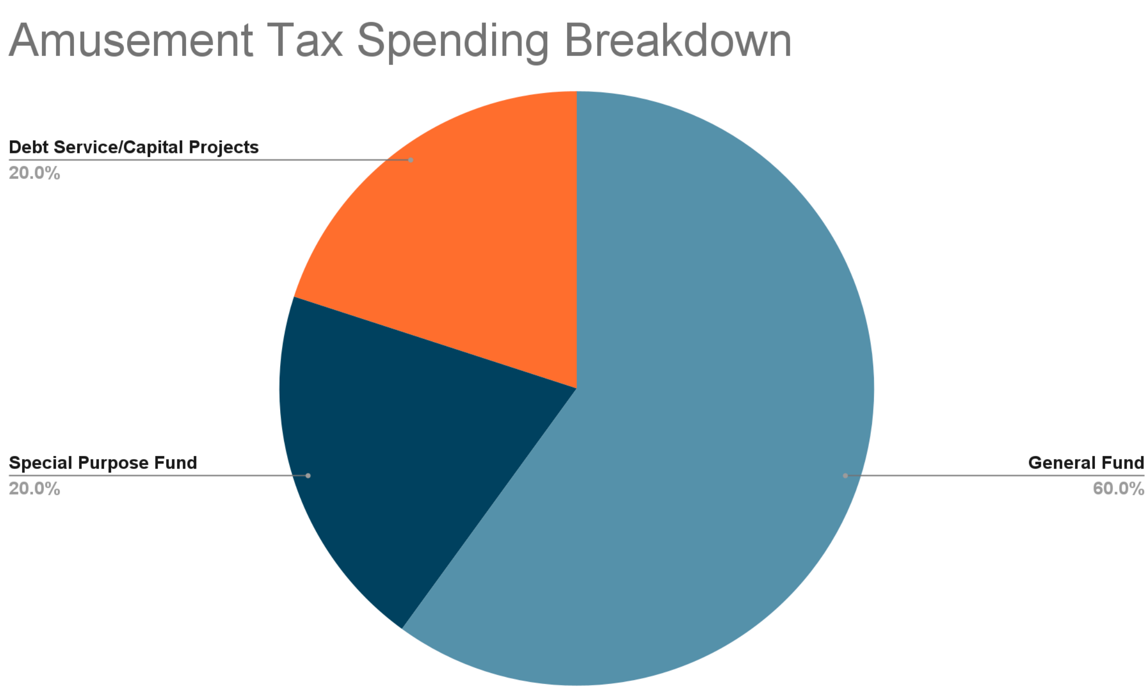
Moreover, entities benefitting from property tax exemptions, including, but not limited to, those operating under non-profit status, shall, upon the expiration of their current agreements, have the **property tax equivalent**—i.e., the amount they would otherwise be liable to pay in property taxes—incorporated into the amusement tax.

- **Amusement Tax Calculation Using $35,000,000 in Sales**:

  35,000,000×0.10 = **$3,500,000 USD annually**

- **Property Tax Equivalent** (Example: Ravinia's $1,400,000 exemption):

  Amusement Tax+Property Tax Equivalent = 3,500,000+1,400,000 = **$4,900,000 USD annually**



---

amendHp.com/plan

Summary of Tax Revenue

1. Current Revenue (5% Admissions Fee Example)

For entities like Ravinia Music Festival, currently subject to a 5% admissions fee, the city collects:

- **Estimated Current Annual Revenue** (Example with $35,000,000 in sales): 35,000,000×0.05 = $1,750,000 USD annually

2. New Revenue Starting Immediately

Once the sales tax, carbon tax, and naming rights tax are implemented, the city will begin receiving additional revenue immediately:

- **Sales Tax for Schools**: $735,000
- **Carbon Emissions Tax**: $210,600
- **Naming Rights Tax**: $350,000
- **Total Additional Revenue**: 735,000+210,600+350,000 = $1,295,000 USD annually
- **Total Revenue (Current Admissions Fee + New Taxes)**: 1,750,000+1,295,000 = $3,045,000 USD annually

3. Revenue After Agreement Expiration (Including Amusement Tax and Property Tax Equivalent)

After the expiration of any current agreement (e.g., Ravinia's in 2026), the city will impose the amusement tax and property tax equivalent in addition to the existing taxes:

- **Amusement Tax**: $3,500,000
- **Property Tax Equivalent**: $1,400,000
- **Sales Tax for Schools**: $735,000
- **Carbon Emissions Tax**: $210,600
- **Naming Rights Tax**: $350,000
- **Total Revenue After Agreement Expiration**: 4,900,000+735,000+210,600+350,000 = $6,195,000 USD annually

---

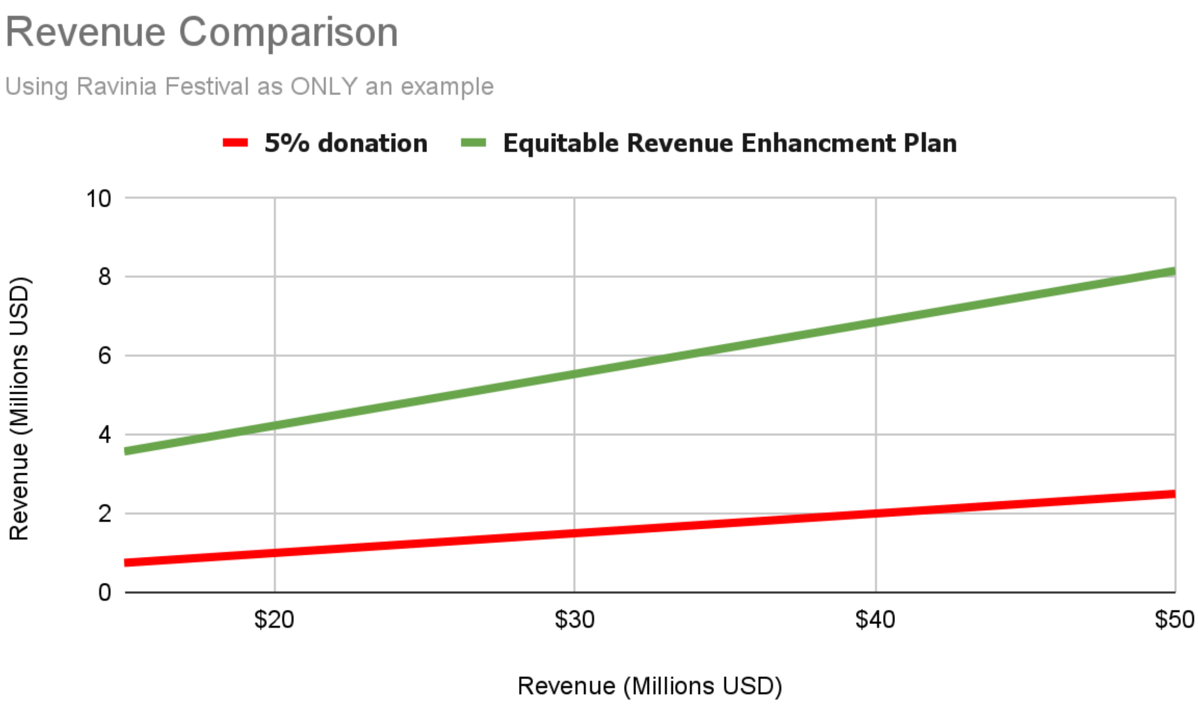
Side-by-Side Comparison of Revenue

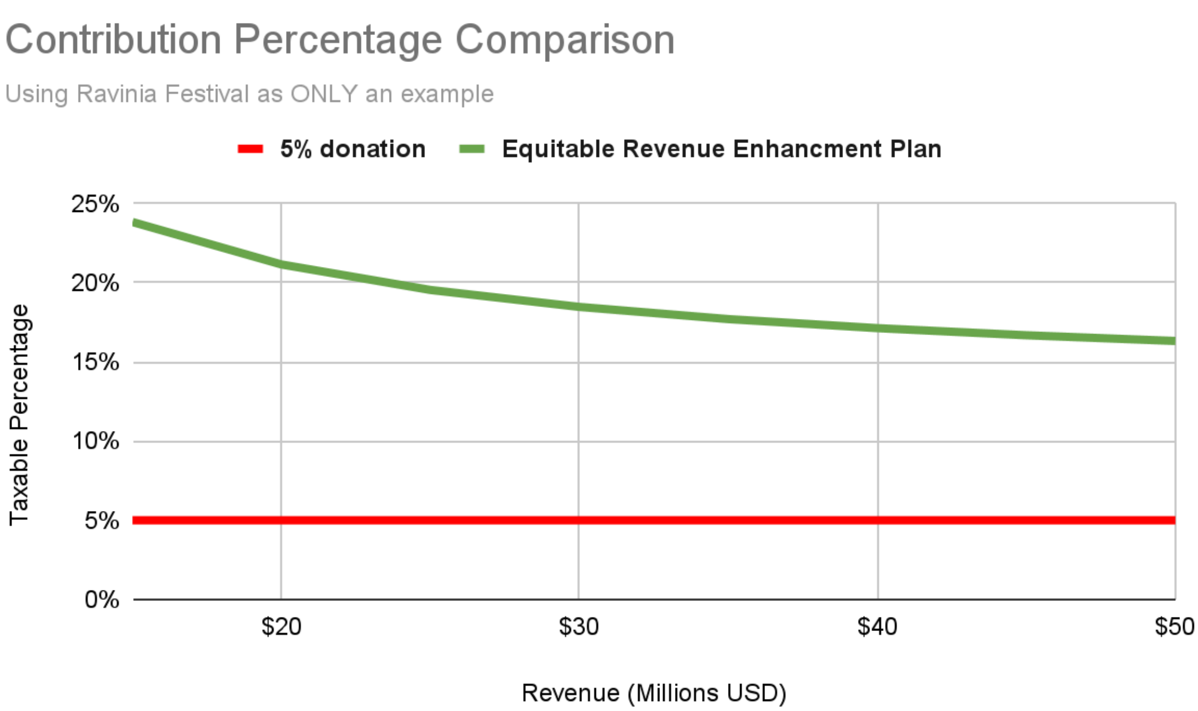
Using Ravinia Festival as ONLY and example

Based off an average of $35,000,000 in annual revenue as only an example

Revenue Stream	Current (Before New Taxes)	New Taxes (Before Agreement Expiration)	Amusement Tax (After Agreement Expiration)
5% Admissions Fee (Example)	$1,750,000	$1,750,000	N/A
Sales Tax for Schools	N/A	$735,000	$735,000
Carbon Emissions Tax	N/A	$210,600	$210,600
Naming Rights Tax	N/A	$350,000	$350,000
10% Amusement Tax	N/A	N/A	$3,500,000
Property Tax Equivalent	N/A	N/A	$1,400,000
Total Annual Revenue	**$1,750,000**	**$3,045,100**	**$6,195,000**

amendHp.com/plan





---

amendHp.com/plan

Conclusion

This tax proposal presents Highland Park with a critical opportunity to secure fair and sustainable revenue streams from large amusement entities grossing over $15 million annually. Although certain elements of the tax plan may be deferred due to existing agreements, these taxes will take full effect once those agreements expire, ensuring long-term financial stability.

With this plan **contributing OVER 5% of the city's entire annual budget**, it marks a significant step toward bolstering Highland Park's financial resilience. The proposal urges the Mayor and City Council to draft and implement these tax code changes, safeguarding the city's future while reinforcing Highland Park's commitment to fairness, sustainability, and supporting its community.

amendHp.com/plan