

Food and Beverage and Motor Fuel Taxes

What is the Food and Beverage Tax?

Beginning Oct. 1, 2017, the Village of Oswego will implement a 1.0% tax on food and beverages that can be prepared for immediate consumption.

Which food items will be taxed?

This tax will be levied on the following kinds of foods, which are prepared for immediate consumption:

- All food products served in restaurants, as carry-out orders, and as delivery orders
- All restaurant-style food products, such as prepared chicken, ice cream cones, or hot soup, sold by a grocery store or other eating place
- All restaurant-style food products sold at convenience stores, such as food items selected under a heat lamp
- Drinks served to patrons in a restaurant or bar/tavern, examples include a can or bottle of beer, a mixed drink, or a dispensed soft drinks
- Beverages prepared for immediate consumption on or of premises in a grocery store or convenience store, including brewed coffee, fountain drinks, or other beverages

Which food items will not be taxed?

The Food and Beverage Tax will **not** be levied on foods that are prepared off-site in packages ready for retail sale and not for immediate consumption. Some examples of food that will **not** be subject to this tax are:

- Pre-packed pizzas or other frozen products sold in a grocery store or convenience store
- A soda, six-pack of beer, bottle of wine, or other bottled beverage
- General grocery items such as bread, milk, and eggs that are in their original packaging and not prepared for immediate consumption
- Items sold by a non-profit group (A copy of the group's sales tax exemption letter issued by the Illinois Department of Revenue must be filed with the Village of Oswego Finance Department.)

Is this tax applied to gratuity or tips?

No, this tax is only applied to the purchase price of the food products.

Do other communities impose a Food and Beverage Tax?

Yes, numerous communities throughout Illinois impose a Food and Beverage Tax, typically between 1% and 2%. That includes Aurora (1.75%) and Naperville (1.0%).

How much is the Motor Fuel Tax?

The Motor Fuel tax will be levied at \$0.04 per gallon of gas sold in the Village.

Do other communities levy a Motor Fuel Tax?

Yes, Aurora, Batavia and Naperville all levy a municipal Motor Fuel Tax.

Why are these taxes being levied?

Revenues in the Village have flattened in recent years for several reasons: the rise of online sales, which bypasses paying local sales tax, as well as new state legislation that diverts funds from Oswego to the State of Illinois' budget.

The Village has taken several steps to limit its operating expenses: holding staffing to pre-recession levels, sharing services with neighboring communities, and prioritizing economic development in order to relieve the burden on residential taxpayers. These taxes were chosen over other revenue options because they are based on consumption and therefore will have the least direct impact on Oswego residents. In fact, studies show that approximately 60% of these taxes will be paid by non-Oswego residents.