



State of Illinois Proposes New Service Taxes

The Illinois State Senate is in the process of amending SB-009, a bill which started out enacting an additional tax and charges on sugary beverages, to include service taxes on important community association services. This bill would add a 6.25% service tax to the services like landscape, snow removal, pest control, and security. These companies only have an average of a 5 – 12% profit margin, depending on their field. They cannot absorb this tax and will have to pass it along to their clients.

The affected services are:

- Landscape Services, including, but not limited to:
“...mowing, watering, and aerating lawns; weeding; mulching; raking leaves; tree and shrub trimming and removal; planting of trees, shrubs, flowering and non-flowering plants, and sod; spraying; fertilizing; applying chemicals; lawn and garden installation; constructing, remodeling, or repairing irrigation or lawn sprinkler systems, patios...”
- Snow Removal Services
- Pest Control
““Structural pest control services” means use of any device or the application of any substance to prevent, repel, mitigate, curb, control, or eradicate any structural pest in, on, under, or around a structure, or within a part of, or materials used in building, a structure; the use of any pesticide, including insecticides, fungicides and other wood treatment products, attractants, repellents, rodenticides, fumigants, or mechanical devices for preventing, controlling, eradicating, identifying, mitigating, diminishing, or curbing insects, vermin, rats, mice, or other pests in, on, under, or around a structure, or within a part of, or materials used in building, a structure;...”

These following three areas are defined as a service “...for which the provider of the service is required to be licensed pursuant to the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004, or would be required to be so licensed in performing those services in this State.”

- Alarm Systems, i.e. security alarm systems, panel monitoring
- Security Services, i.e. certain levels of concierge staff, patrol staff, guard staff, or gate attendants in gated communities
- Locksmith Services, i.e. key and lock repairs performed by a licensed locksmith, on or offsite

The Amendments to this bill go on to include other services that may affect you, as an individual, such as dry cleaning, personal services like haircuts, nail services, etc., and storage facilities. While we understand the Senate's desire to improve the financial condition of the State of Illinois, we feel strongly that this bill has not been thoroughly vetted and will cause significant financial strain for the owners and residents who live within community associations.

We would like to provide an example of the potential impact in a 53 unit community:

Exterminating:

Building Services		<i>With Potential Added Service Tax:</i>		<i>Increase:</i>
Exterminating Contract	\$ 750.00	\$ 796.88	\$ 46.88	
Total Building Services	\$ 750.00	\$ 796.88	\$ 46.88	

Landscaping and Snow:

Common Area Maintenance

Landscape Contract	\$ 19,500.00	\$ 20,718.75	\$ 1,218.75
Landscape Additional	\$ 7,500.00	\$ 7,968.75	\$ 468.75
Snow Removal	\$ 9,000.00	\$ 9,562.50	\$ 562.50
Snow Extra	\$ 2,000.00	\$ 2,125.00	\$ 125.00
Salt and Ice Melt	\$ 1,500.00	\$ 1,500.00	
Detention Basin Maint.	\$ 750.00	\$ 796.88	\$ 46.88
Entrance Monument Maint.	\$ 1,000.00	\$ 1,000.00	
Total Common Area Maint.	\$ 41,250.00	\$ 43,671.88	\$ 2,421.88

That's a total annual increase of \$2,468.76, not considering any other contractual increases or increases to insurance, water, sewer, electricity, etc. Owners in this 53 unit association will pay an additional \$46.58 a year in taxes alone.

We urge you to please contact your local State Senator and State Representatives and tell them to VOTE NO on this potential 6.25% tax on important community services. You can look them up here: www.illinoispolicy.org/maps/. We appreciate your help in defeating this new tax!