

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL WORKSHOP
DECEMBER 11, 2007 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Telecommunications Tax Increase	✓ Resolution Ordinance Motion Discussion Only	Judy Buttny Finance Director

SYNOPSIS

An ordinance has been prepared to increase the Telecommunications Tax to six percent, as allowed by the State of Illinois.

STRATEGIC PLAN ALIGNMENT

The Five Year Plan and Goals for 2006-2011 identified *Exceptional Municipal Organization*. A supporting objective is *Financially Sound and Sustainable Village Government*.

FISCAL IMPACT

The proposed increase will take effect on July 1, 2008. Revenue generated by this increase in FY08 is estimated to be \$410,000, which will be used to fund expenditures in the Capital Projects Fund. The full-year revenue generated by this tax increase for FY09 is estimated to be \$820,000.

RECOMMENDATION

Approval on December 18, 2007 active agenda.

BACKGROUND

The FY08 Capital Fund budget identifies revenue from a 1% increase in the Telecommunications Tax to six percent, the maximum allowed by the State. The first 5% of the Telecommunications Tax continues to be directed into the General Fund pursuant to the FY08 General Fund budget.

Currently, the Telecommunications Tax rate in Downers Grove is five percent. In addition to the municipal tax, the State of Illinois levies a Telecommunications Tax rate of seven percent. The proposed increase would bring the total Telecommunications Tax rate in Downers Grove to 13 percent.

A rate of 13 percent is common throughout DuPage County. The following table represents Telecommunications Tax rates of nearby municipalities as of January 1, 2008.

Municipality	Telecommunications Tax Rate
Elmhurst	13%
Lombard	13%
Naperville	12%
Westmont	13%
Wheaton	13%
Woodridge	13%

The annual allocation of the revenues received by the Village from Telecommunications Tax are determined by the budget ordinance and the allocations of revenues is not restricted by this ordinance.

ATTACHMENTS

Ordinance

Telecom Tax

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE SIMPLIFIED MUNICIPAL TELECOMMUNICATIONS TAX RATE

BE IT ORDAINED by the Village Council of the Village of Downers Grove in DuPage County, Illinois, as follows: (Additions are indicated by **shading**/underline; deletions by ~~strikeout~~):

Section 1. That Section 21.802. is hereby amended to read as follows:

21.802. Tax Imposed.

A tax is hereby imposed upon any and all the following acts or privileges:

(a) The act or privilege of originating in the municipality or receiving in the municipality intrastate telecommunications by a person at a rate of ~~five~~**six** percent (~~5~~**6**%) of the gross charge for such telecommunications purchased at retail from a retailer.

(b) The act or privilege of originating in the municipality or receiving in the municipality interstate telecommunications by a person at a rate of ~~five~~**six** percent (~~5~~**6**%) of the gross charge for such telecommunications purchased at retail from a retailer. To prevent actual multi-state taxation of the act or privilege that is subject to taxation under this subsection, any taxpayer, upon proof that the taxpayer has paid a tax in another state on such event, shall be allowed a credit against any tax enacted pursuant to or authorized by this Section to the extent of the amount of such tax properly due and paid in such other state which was not previously allowed as a credit against any other state or local tax in this State.

(c) The tax imposed by this Ordinance is not imposed on such act or privilege to the extent such act or privilege may not, under the Constitution and statutes of the United States, be made the subject of taxation by the municipality.

Section 2. That all ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

Section 3. That this ordinance shall be in full force and effect from and after its passage and publication in the manner provided by law.

Mayor

Passed:
Published:
Attest: _____
Village Clerk