

2. FINANCE & TAXATION

TITLE 2
FINANCE AND TAXATION

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CHAPTER 1

GENERAL FINANCE PROVISIONS

SECTION:

- 2-1-1: Claims Against City
2-1-2: Insufficient Funds Policy

2-1-1: **CLAIMS AGAINST CITY:** All claims against the City for goods purchased, damaged, or originating in any other way, except for claims for salaries and other allowances that are fixed by ordinance, must be presented on or before the first Monday of each month to the City Office Manager. All such claims must be in writing, and items shall be specified. This does not prohibit the City Council from passing on any claims not previously presented to the City Office Manager if, in the opinion of the Council, justice to the claimant requires it. (2008 Code § 1-2-29; amd. 2019 Code)

2-1-2: **INSUFFICIENT FUNDS POLICY:**

- A. Definition: As used in this section, "bad check" refers to the non-payment or dishonor of a check by a bank or other financial institution upon which the check is drawn for any reason including, but not limited to, the following reasons:

Refer to maker.

Nonsufficient funds.

Signature missing or incomplete.

Payment stopped.

Account closed.

Postdated.

Staledated.

B. Policy:

1. The maker of each bad check returned to the City by a bank or other financial institution will be assessed the following handling fee for each item returned:

a. On the first occasion: Twenty five dollars (\$25.00).

b. For the second occasion within one calendar year of the first occasion: Fifty dollars (\$50.00).

2. After any person provides the City with a second bad check that is returned within one calendar year of the first occasion, the City shall accept no more checks from such person for six (6) months from the date the payment is made good; all payments to the City shall be by cash or money order. If a person owing the City money is late with a payment, e.g., with a payment for utility services due on a date certain, during the six (6) month period, the running of the six (6) month period shall recommence.

3. The City shall use reasonable efforts to notify any person who has tendered a bad check to the City at the address and phone number of the person noted on the check or in the City's files, e.g., a utility application. However, the City's inability or failure to make contact with such person shall not extend any time period set forth in this policy.

4. A person who has tendered a bad check to the City shall have three (3) business days from the date the check is returned to the City in which to pay the City the amount of the bad check, plus the handling fee, plus any charges imposed by the City's financial institution for handling the bad check. All payments for bad checks shall be in cash or by money order; no checks will be accepted in payment for a bad check.

5. When a person tenders a bad check for utility services, any time periods applicable to delinquent payments and utility disconnections shall be calculated as if no payment at all had been made.

C. Third Party And Postdated Checks: In order to minimize the potential for bad checks, the City will accept no third party checks (defined as a check written by a maker to a payee who then endorses the check over to the City), or postdated checks. (Ord. 2015-14, 11-2-2015)

CHAPTER 2

CONTRACTS AND PURCHASES

SECTION:

2-2-1:	Expenditure And Contracting Authority
2-2-2:	Bidding Requirements
2-2-3:	Award Of Contracts
2-2-4:	Open Market Procedure
2-2-5:	Emergency Purchases
2-2-6:	Cooperative Purchasing

2-2-1: **EXPENDITURE AND CONTRACTING AUTHORITY:**

- A. 1. The Mayor and department heads are authorized to make or approve the expenditure of City funds and may enter into contracts on behalf of the City, without prior approval of the City Council, not to exceed the following amounts:
- a. Mayor: Two thousand five hundred dollars (\$2,500.00).
 - b. Superintendent of Public Works and Chief of Police: One thousand dollars (\$1,000.00).
 - c. Office Manager: Five hundred dollars (\$500.00).
2. In addition, in the event of a bona fide emergency (defined as a situation where personal injury or property damage is imminent, and an expenditure is necessary to prevent the injury or damage), the Mayor's expenditure and contracting authority shall be ten thousand dollars (\$10,000.00) without prior approval of the City Council. The Mayor will make reasonable efforts to notify all Aldermen of emergency expenditures as promptly as possible.
- B. Expenditures and contracts authorized in this section shall in every case be within an identifiable line item of the Appropriation Ordinance currently in effect, and shall otherwise be consistent with law.

- C. Expenditures shall not be split or staggered in an attempt to circumvent the limitations of subsections A of this section. (Ord. 2016-5, 6-16-2016)

2-2-2: **BIDDING REQUIREMENTS:**

A. Bids Required:

1. Any work or other public improvement which is not to be paid for in whole or in part by special assessment or special taxation, and all purchases of and contracts for supplies, materials, and services, shall, except as specifically provided herein, be based whenever possible on competitive bids.

2. All work or other public improvement which is not to be paid for in whole or in part by special assessment or special taxation, and all purchases, orders or contracts for supplies, materials, equipment or contractual services, except as otherwise provided herein, when the estimated cost thereof shall exceed twenty thousand dollars (\$20,000.00), shall be purchased from the lowest responsible bidder, after due notice inviting bids, unless competitive bidding is waived by a vote of two-thirds ($\frac{2}{3}$) of the Aldermen then holding office.

B. Notice Inviting Bids:

1. Notice inviting bids shall be published at least once in a newspaper with general circulation within the City. The City shall also advertise all pending work or purchases by posting a notice on the public bulletin board in the City Hall.

2. The newspaper notice required herein shall include a general description of the work to be performed or the articles to be purchased, shall state where specifications may be secured, and the time and place for opening bids.

- C. Bid Deposits: When deemed necessary by the City Council, bid deposits shall be prescribed in the public notices inviting bids. Unsuccessful bidders shall be entitled to the return of their bid deposits upon the award of the contract by the City Council. A successful bidder shall forfeit any bid deposit required by the City Council upon failure on his part to enter into a contract within ten (10) days after the award.

- D. Bid Opening Procedure:
1. Bids shall be submitted sealed to the City and shall be identified as bids on the envelope, and bids shall be opened in public at the time and place stated in the public notice.
 2. A tabulation of all bids received shall be made by the City Council or by a City employee, in which event, a tabulation of the bids shall be furnished to the City Council at its next regular meeting.
- E. Rejection Of Bids: The City shall have the authority to reject all bids or parts of all bids when the public interest will be served thereby.
- F. Bidders In Default To City: The City shall not accept the bid of a contractor who is in default on the payment of taxes, licenses or other monies due the City.
- G. Exemptions From Bidding: All contracts for professional services including, but not limited to, attorneys, engineers, real estate appraisers and architects and any other profession whose ethical code involved prohibits or discourages involvement in normal bidding procedures, may be entered into by the City without observing the bidding procedures prescribed by this section for the award of formal contracts. (2008 Code § 1-2-27)

2-2-3: AWARD OF CONTRACTS:

- A. The City Council shall have the authority to award contracts within the purview of this chapter.
- B. Contracts shall be awarded to the lowest responsible bidder on the basis of the bid that is in the best interest of the City to accept. In awarding the contract, in addition to price, the City Council shall consider:
1. The ability, capacity and skill of the bidder to perform the contract to provide the service required;
 2. Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference;
 3. The character, integrity, reputation, judgment, experience and efficiency of the bidder;

4. The quality of the performance of previous contracts or services;
 5. The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service;
 6. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service;
 7. The quality, availability and adaptability of the supplies or contractual services to the particular use required;
 8. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract;
 9. The number and scope of conditions attached to the bid.
 10. Whether the bidder has furnished a certificate of insurance indicating workers' compensation and employers' liability coverage and the policy limits for such coverage.
- C. The City Council shall have the authority to require a performance bond, before entering into a contract, in such amount as it shall find reasonably necessary to protect the best interests of the City. (2008 Code § 1-2-27)

2-2-4: **OPEN MARKET PROCEDURE:** All work and purchases of supplies, materials and services of less than the estimated value of twenty thousand dollars (\$20,000.00) shall be made in the open market, without newspaper advertisement and without observing the procedure prescribed by this chapter for the award of formal contracts in such a manner so as to ensure the best interests of the public after solicitation of bids or proposals by mail, telephone, facsimile transmission or otherwise. (2008 Code § 1-2-27)

2-2-5: **EMERGENCY PURCHASES:** In case of an apparent emergency which requires immediate work or purchase of supplies, materials or services, the City Council shall be empowered to secure by open market procedure as herein set forth, at the lowest obtainable price, any work, supplies, materials or services regardless of the amount of the expenditure. (2008 Code § 1-2-27)

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2-2-6: **COOPERATIVE PURCHASING:** The City shall have the authority to join with other units of government in cooperative purchasing plans when the best interests of the City would be served thereby. (2008 Code § 1-2-27)

CHAPTER 3

SIMPLIFIED TELECOMMUNICATIONS TAX

SECTION:

- 2-3-1: Definitions
- 2-3-2: Tax Imposed; Rate; Exemptions
- 2-3-3: Collection Of Tax By Retailers
- 2-3-4: Tax Returns
- 2-3-5: Resales

2-3-1: **DEFINITIONS:** As used in this chapter, the following terms shall have the following meanings:

AMOUNT PAID: The amount charged to the taxpayer's service address in the City regardless of where such amount is billed or paid.

DEPARTMENT: The Illinois Department of Revenue.

GROSS CHARGE: The amount paid for the act or privilege of originating or receiving telecommunications in the City and for all services and equipment provided in connection therewith by a retailer, valued in money, whether paid in money or otherwise, including cash, credits, services and property of every kind or nature, and shall be determined without any deduction on account of the cost of such telecommunications, the cost of the materials used, labor or service costs or any other expense whatsoever. In case credit is extended, the amount thereof shall be included only as and when paid. Gross charges for private line service shall include charges imposed at each channel termination point within the City and charges for the portion of the interoffice channels provided within the City. Charges for

that portion of the interoffice channel connecting two (2) or more channel termination points, one or more of which is located within the jurisdictional boundary of the City shall be determined by the retailer by multiplying an amount equal to the total charge for the interoffice channel by a fraction, the numerator of which is the number of channel termination points that are located within the jurisdictional boundary of the City and the denominator of which is the total number of channel termination points connected by the interoffice channel. However, "gross charge" shall not include any of the following:

A. Any amounts added to a purchaser's bill because of a charge made pursuant to: 1) the tax imposed by this chapter; 2) the tax imposed by the Telecommunications Excise Tax Act; 3) the tax imposed by section 4251 of the Internal Revenue Code; 4) 911 surcharges; or 5) charges added to customers' bills pursuant to the provisions of section 9-221 or 9-222 of the Public Utilities Act, as amended, or any similar charges added to customers' bills by retailers who are not subject to rate regulation by the Illinois Commerce Commission for the purpose of recovering any of the tax liabilities or other amounts specified in those provisions of the Public Utilities Act.

B. Charges for a sent collect telecommunication received outside the City.

C. Charges for leased time on equipment or charges for the storage of data or information or subsequent retrieval or the processing of data or information intended to change its form or content. Such equipment includes, but is not limited to, the use of calculators, computers, data processing equipment, tabulating equipment, or accounting equipment and also includes the usage of computers under a time sharing agreement.

D. Charges for customer equipment, including such equipment that is leased or rented by the customer from any source, wherein such charges are disaggregated and separately identified from other charges.

E. Charges to business enterprises certified as exempt under section 9-222.1 of the Public Utilities Act to the extent of such exemption and during the period of time specified by the Department of Commerce and Economic Opportunity.

F. Charges for telecommunications and all services and equipment provided in connection therewith between a parent corporation and its wholly owned subsidiaries or between wholly owned subsidiaries when the tax imposed under this chapter has already been paid to a retailer and only to the extent that the charges between the parent corporation and wholly owned subsidiaries or between wholly owned subsidiaries represent expense allocation between the corporations and not the generation of profit for the corporation rendering such service.

G. Bad debts ("bad debt" means any portion of a debt that is related to a sale at retail for which gross charges are not otherwise deductible or excludable that has become worthless or uncollectible, as determined under applicable Federal Income Tax standards; if the portion of the debt deemed to be bad is subsequently paid, the retailer shall report and pay the tax on that portion during the reporting period in which the payment is made).

H. Charges paid by inserting coins in coin operated telecommunications devices.

I. Amounts paid by telecommunications retailers under the Telecommunications Infrastructure Maintenance Fee Act.

J. Charges for nontaxable services or telecommunications if:

1. Those charges are aggregated with other charges for telecommunications that are taxable;

2. Those charges are not separately stated on the customer bill or invoice; and

3. The retailer can reasonably identify the nontaxable charges on the retailer's books and records kept in the regular course of business.

If the nontaxable charges cannot reasonably be identified, the gross charge from the sale of both taxable and nontaxable services or telecommunications billed on a combined basis shall be attributed to the taxable services or telecommunications. The burden of proving nontaxable charges shall be on the retailer of the telecommunications.

INTERSTATE
TELECOMMUNICA-
TIONS:

All telecommunications that either originate or terminate outside this State.

INTRASTATE
TELECOMMUNICA-
TIONS:

All telecommunications that originate and terminate within this State.

PERSON:

Any natural individual, firm, trust, estate, partnership, association, joint stock company, joint venture, corporation, limited liability company, or a receiver, trustee, guardian, or other representative appointed by order of any court, the Federal and State governments, including State universities created by statute, or any city, town, county, or other political subdivision of this State.

PURCHASE AT
RETAIL:

The acquisition, consumption or use of telecommunications through a sale at retail.

RETAILER:

Means and includes every person engaged in the business of making sales at retail, as defined in this section. The department may, in its discretion, upon application, authorize the collection of the tax hereby imposed by any retailer not maintaining a place of business within this State, who, to the satisfaction of the department, furnishes adequate security to ensure collection and payment of the tax. Such retailer shall be issued, without charge, a permit to collect such tax. When so authorized, it shall be the duty of such retailer to collect the tax upon all of the gross charges for telecommunications in this State in the same manner and subject to the same requirements as a retailer maintaining a place of business within this State. The permit may be revoked by the department at its discretion.

**RETAILER
MAINTAINING A
PLACE OF BUSINESS
IN THIS STATE
(Or Any Like Term):**

Means and includes any retailer having or maintaining within the State, directly or by a subsidiary, an office, distribution facilities, transmission facilities, sales office, warehouse or other place of business, or any agent or other representative operating within this State under the authority of the retailer or its subsidiary, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether such retailer or subsidiary is licensed to do business in this State.

SALE AT RETAIL:

The transmitting, supplying or furnishing of telecommunications and all services and equipment provided in connection therewith for a consideration, to persons other than the Federal and State governments, and State universities created by statute and other than between a parent corporation and its wholly owned subsidiaries or between wholly owned subsidiaries for their use or consumption and not for resale.

SERVICE ADDRESS:

The location of telecommunications equipment from which telecommunications services are originated or at which telecommunications

services are received by a taxpayer. In the event this may not be a defined location, as in the case of mobile phones, paging systems, and maritime systems, "service address" means the customer's place of primary use as defined in the Mobile Telecommunications Sourcing Conformity Act. For air to ground systems and the like, "service address" shall mean the location of a taxpayer's primary use of the telecommunications equipment as defined by telephone number, authorization code, or location in Illinois where bills are sent.

TAXPAYER:

A person who, individually or through his or her agents, employees, or permittees, engages in the act or privilege of originating or receiving telecommunications in the City and who incurs a tax liability as authorized by this chapter.

TELECOMMUNICATIONS:

A. In addition to the meaning ordinarily and popularly ascribed thereto, includes, without limitation, messages or information transmitted through use of local, toll, and wide area telephone service, private line services, channel services, telegraph services, teletypewriter, computer exchange services, cellular mobile telecommunications service, specialized mobile radio, stationary two-way radio, paging service, or any other form of mobile and portable one-way or two-way communications, or any other transmission of messages or information by electronic or similar means, between or among points by wire, cable, fiber optics, laser, microwave, radio, satellite, or similar facilities. As used in this chapter, "private line" means a dedicated nontraffic sensitive service for a single customer that entitles the customer to exclusive or priority use of a communications channel or group of channels from one or more specified locations to one or more other specified locations.

B. The definition of "telecommunications" shall not include value added services in which

computer processing applications are used to act on the form, content, code, and protocol of the information for purposes other than transmission.

C. "Telecommunications" shall not include purchases of telecommunications by a telecommunications service provider for use as a component part of the service provided by such provider to the ultimate retail consumer who originates or terminates the taxable end to end communications. Carrier access charges, right of access charges, charges for use of inter-company facilities, and all telecommunications resold in the subsequent provision of, used as a component of, or integrated into end to end telecommunications service shall be nontaxable as sales for resale. Prepaid telephone calling arrangements shall not be considered telecommunications subject to the tax imposed under this chapter. For purposes of this definition, "prepaid telephone calling arrangements" means that term as defined in section 2-27 of the Retailers' Occupation Tax Act. (2008 Code § 36-2-1)

2-3-2: TAX IMPOSED; RATE; EXEMPTIONS:

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

1. The act or privilege of originating in the City or receiving in the City intrastate telecommunications by a person at a rate of six percent (6%) of the gross charge for such telecommunications purchased at retail from a retailer. To prevent actual multi-municipal taxation of the act or privilege that is subject to taxation under this subsection A1, any taxpayer, upon proof that the taxpayer has paid a tax in another municipality on that event, shall be allowed a credit against any tax enacted pursuant to or authorized by this subsection A1 to the extent of the amount of the tax properly due and paid in such other municipality that was not previously allowed as a credit against any other Municipal tax.

2. The act or privilege of originating in the City or receiving in the City interstate telecommunications by a person at a rate of six percent (6%) of the gross charge for such telecommunications purchased at retail from a retailer. To prevent actual multi-state or multi-municipal 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 or municipality in this State on such event, shall be allowed a credit against any tax enacted pursuant to or authorized by this subsection to the extent of the amount of such tax properly due and paid in such other state or such tax properly due and paid in a municipality in this State which was not previously allowed as a credit against any other State or local tax in this State.

- B. The tax imposed by this section 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 City. (2008 Code § 36-2-2)

2-3-3: COLLECTION OF TAX BY RETAILERS:

- A. The tax authorized by this chapter shall be collected from the taxpayer by a retailer maintaining a place of business in this State and shall be remitted by such retailer to the department. Any tax required to be collected pursuant to or as authorized by this chapter and any such tax collected by such retailer and required to be remitted to the department shall constitute a debt owed by the retailer to the State. Retailers shall collect the tax from the taxpayer by adding the tax to the gross charge for the act or privilege of originating or receiving telecommunications when sold for use, in the manner prescribed by the department. The tax authorized by this chapter shall constitute a debt of the taxpayer to the retailer until paid and, if unpaid, is recoverable at law in the same manner as the original charge for such sale at retail. If the retailer fails to collect the tax from the taxpayer, then the taxpayer shall be required to pay the tax directly to the department in the manner provided by the department.
- B. Whenever possible, the tax authorized by this chapter shall, when collected, be stated as a distinct item separate and apart from the gross charge for telecommunications. (2008 Code § 36-2-3)

- 2-3-4: TAX RETURNS:** On or before the last day of February, 2008, and on or before the last day of every month thereafter, the

tax imposed under this chapter on telecommunications retailers shall be returned with appropriate forms and information as required by the department pursuant to the Illinois Simplified Municipal Telecommunications Tax Act (Public Act 92-526, section 5-50) and any accompanying rules and regulations created by the department to implement the Act. (2008 Code § 36-2-4)

2-3-5: **RESALES:**

- A. If a person who originates or receives telecommunications claims to be a reseller of such telecommunications, such person shall apply to the department for a resale number. Such applicant shall state facts which will show the department why such applicant is not liable for the tax authorized by this chapter on any of such purchases and shall furnish such additional information as the department may reasonably require.
- B. Upon approval of the application, the department shall assign a resale number to the applicant and shall certify such number to the applicant. The department may cancel any number which is obtained through misrepresentation, or which is used to send or receive such telecommunications tax free when such actions in fact are not for resale, or which no longer applies because of the person having discontinued the making of resales.
- C. Except as provided in subsections A and B of this section, the act or privilege of originating or receiving telecommunications in this State shall not be made tax free on the ground of being a sale for resale unless the person has an active resale number from the department and furnishes that number to the retailer in connection with certifying to the retailer that any sale to such person is nontaxable because of being a sale for resale. (2008 Code § 36-2-5)

