



MUNICIPAL OFFICE
EAST WEST TOLLWAY AT ROUTE 59
POST OFFICE BOX 190
AURORA, ILLINOIS 60507

ADDRESS REPLY TO COMPANY AT:

300 West Terra Cotta Avenue
Crystal Lake, Illinois 60014
July 28, 1972

Mr. John C. Denton
8100 Golf Road
Rolling Meadows, Illinois 60008

RECEIVED
AUG 7 1972
CHEMPLEX

Dear Mr. Denton:

This is in reply to your recent letter on the municipal utility tax.

The utility tax is available in increments of 1% to 5%. Assume your Village elects to adopt the highest or 5% municipal tax. It results in an actual additional charge of 5.73%. The 0.73 of a percent is divided between certain State of Illinois functions and the Company for our billing and collection costs.

If you elect to pass the ordinance, we ask that the effective date of the ordinance be at least 60 days from date of passage. This will give us time to do the things that are necessary. We must refile our rate schedules for the Village of Barrington Hills with the Illinois Commerce Commission. As a part of filing, we will need the following documents:

- #1 - a certified copy of the ordinance
- #2 - a certified copy of the minutes of the meeting
- #3 - a certified copy of the publication of the ordinance in the newspaper

Also, we will need from you a map showing the Village limits clearly delineated so we can go through our records and put the tax only on those customers within the Village limits of Barrington Hills.

Certainly, as a Company, we do not favor your adoption of this tax for many reasons. Some that come quickly to mind are (a) it is discriminatory to the extent that those customers who heat their homes with oil are not subject to it; (b) the law permits no exceptions to the tax. Even charitable, religious and educational organizations necessarily will be included; (c) in a very real sense, the municipal tax acts as a minus factor to industry seeking a location.

Enclosed is a typical Municipal Tax Ordinance for your attorney.

Mr. John C. Denton

-2

The Villages of Deer Park and Island Lake have recently passed ordinances repealing the Municipal Utility Tax.

I hope this covers all the material you need. If additional information is required, please let me know.

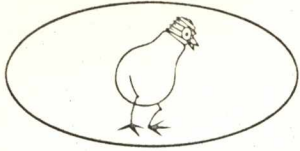
Sincerely yours,

J. W. Craig

J. W. Craig
District Superintendent

b

XEROX for J. McL. RECEIVED
AUG 5 1972



Commonwealth Edison Company
Northern Division

1000 SKOKIE BOULEVARD * NORTHBROOK, ILLINOIS 60062

Post Office Box 435
Crystal Lake, Illinois 60014
August 4, 1972

Mr. John C. Denton
3100 Golf Road
Rolling Meadows, Illinois
60008

Dear Mr. Denton:

In response to your request, I have assembled several facts relating to a municipal utility tax.

First, the tax results in an addition of 5.73% to all residential, commercial and industrial bills in a given community. For example, let us take a base bill for electric service in the amount of \$1,000.00. This amount is for electricity only, and does not include any tax additions, state or local.

Base Bill of \$1,000.00

Village Receives	\$53.92 or 5.39%
State Receives	1.76 or .18%
Utility Receives (Accounting Cost)	<u>1.62 or .16%</u>
Total Addition to Bill	\$57.30 or 5.73%

If you are interested, I can show you the actual formula our computer applies to calculate the tax but the computation is quite complex.

I have attached a copy of our Rider 23 rate sheet, which appears in our public file and explains the tax in detail. I cannot estimate the revenue that Barrington Hills could expect from such a tax since I find many residents not clearly within your boundaries as outlined in our billing system. A careful check of residents would have to be made prior to the tax taking effect.

To establish the tax, the village attorney should draft an ordinance which must be approved by your council. A copy of this ordinance, a certification of publication, and the minutes of the meeting must then be forwarded to me. You should allow 30 days for our legal staff to approve the action and our billing computer be reprogramed to omit the tax.

Mr. John C. Denton
Rolling Meadows, Illinois 60008
August 4, 1972

Should you have any further questions regarding this
matter, please contact me at 312-381-11-- -- Extension 11.

Sincerely,

A handwritten signature in cursive script that reads "John S. Maxson". The signature is written in dark ink and is positioned below the word "Sincerely,".

John S. Maxson
Staff Assistant

JSM:ch

RIDER 23

MUNICIPAL AND STATE TAX ADDITIONS

Supplemental Schedules Applicable as Shown Below

Municipal Tax Additions.

Pursuant to the provisions of paragraph (a) of Section 36 of the Act concerning public utilities, as amended, authorizing certain additional charges for services rendered in municipalities imposing the tax authorized by Section 8-11-2 of the Illinois Municipal Code, as amended, the Company will add the percentages shown below opposite the names of such municipalities to all net billings for electricity furnished for use or consumption and not for resale, and for all services rendered in connection therewith, within the corporate limits of such municipalities (except items of such billings resulting from transactions not subject to such tax). The percentages designated include provision for the fact that the state tax addition referred to below is subject to municipal tax. The amount of the municipal tax additions will be separately designated on each customer's bill as "Municipal Tax" or by a similar legend.

The following tax addition percentages were effective with meter readings taken on and after August 1, 1967.

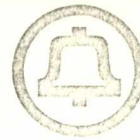
Name of Municipality	Percentage Addition to Billings	Name of Municipality	Percentage Addition to Billings	Name of Municipality	Percentage Addition to Billings
Burr Ridge	5.73%	Lincolnshire	5.73%	Sleepy Hollow	5.73%
Carol Stream	5.73%	Lyons	5.73%	Streamwood	3.36%
East Chicago Heights	5.73%	Naperville	5.73%	Warren	5.73%
Evanston	5.73%	Niles	3.36%	Westhaven	5.73%
Flossmoor	2.79%	North Chicago	5.73%	Wheaton	3.36%
Glendale Heights	5.73%	Oak Park	5.73%	Wilmette	5.73%
Golf	5.73%	Phoenix	5.73%	Winfield	5.73%
Harwood Heights	4.53%	Robbins	5.73%	Winthrop Harbor	5.73%
Hazel Crest	3.36%	Rosemont	5.73%	Woodridge	5.73%
Kenilworth	5.73%	Round Lake Beach	5.73%	Yorkville	5.73%
Lake Forest	5.73%	Shorewood	5.73%	Zion	5.73%
Lake-In-The-Hills	5.73%				

The percentages, with their effective dates, of municipal tax additions effective subsequent to August 1, 1967, are as follows:

Name of Municipality	Percentage Addition to Billings	Effective Date	Name of Municipality	Percentage Addition to Billings	Effective Date
Westmont	3.36%	November 1, 1967	Milledgeville	5.73%	February 1, 1969
Maywood	5.73%	December 1, 1967	Dixmoor	3.36%	April 1, 1969
Carpentersville	2.22%	January 1, 1968	Bellwood	5.73%	June 1, 1969
DeKalb	3.36%	January 1, 1968	Brookfield	5.73%	July 7, 1969
Vernon Hills	5.73%	April 1, 1968	Highwood	5.73%	August 1, 1969
Park Ridge	3.36%	May 1, 1968	Glenview	3.36%	October 1, 1969
Glencoe	5.73%	July 1, 1968	Villa Park	3.36%	January 1, 1970
Highland Park	5.73%	July 1, 1968	Leaf River	5.73%	February 1, 1970
Kankakee	5.73%	July 1, 1968	Valley View	5.73%	May 1, 1970
Broadview	5.73%	August 1, 1968	Arlington Heights	5.73%	January 1, 1971
Stone Park	5.73%	September 1, 1968	Glen Ellyn	5.73%	January 1, 1971
Lake Bluff	5.73%	November 1, 1968	Hickory Hills	5.73%	October 1, 1971
			Harvey	1.38%	February 1, 1972
			*Northfield	5.73%	August 1, 1972

State Tax Addition.

Pursuant to the provisions of paragraph (b) of Section 36 of the Act concerning public utilities, as amended, authorizing additional charges for services rendered equal to the amount by which the tax under The Public Utilities Revenue Act, as amended, exceeds three percent, the Company will add two percent to all net billings (including the municipal tax additions referred to above) for electricity furnished for use or consumption and not for resale, and for all services rendered in connection therewith (except items of such billings resulting from transactions not subject to such tax). Such addition was effective with meter readings taken on and after August 1, 1967.



Illinois Bell

430 East Main Street
Barrington, Illinois 60010
Phone (312) 381-9981

August 7, 1972

RECEIVED

AUG 1 1972

CHEMPLEX

Mr. John C. Denton
3100 Golf Road
Rolling Meadows, Ill. 60008

Dear Mr. Denton:

Attached is some of the information you requested regarding a Utilities Gross Receipts Municipal Tax.

If you should decide to establish this tax, we request that the tax would not become effective prior to 60 days following the passage of the ordinance. Also, taxes collected would be paid to the Village on a quarterly basis 60 days after the close of each quarter.

When the tax is passed, I would like to have a copy of the ordinance and the published notice of certification.

I have no prepared ordinance and feel that the Deer Park ordinance could be used as a guide.

If there are any questions, don't hesitate to call me on 381-9995.

Sincerely,

T. V. Atkins
Manager

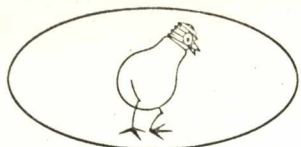
TA/lm

FACT SHEET

HOW THE 5 PER CENT UTILITIES' TAX MIGHT APPLY
TO BARRINGTON HILLS

	<u>ANNUALLY</u>
<u>BARRINGTON HILLS</u> would receive about (Municipality)	\$18,000
For added accounting costs, Illinois Bell receives, by law	540
Added to this is the 5% State of Illinois Messages Tax	925
Added to this is the 10% Federal Excise Tax	<u>1,950</u>
<u>BARRINGTON HILLS</u> customers would pay (approximately)	\$21,415

The telephone customers in Barrington Hills would pay an estimated extra \$21,400 annually on their telephone bill as a result of a 5% Utilities Tax.



Commonwealth Edison Company

Northern Division

1000 SKOKIE BOULEVARD * NORTHBROOK, ILLINOIS 60062

Post Office Box 435
Crystal Lake, Illinois 60014
July 27, 1972

Mr. John C. Denton
3100 Golf Road
Rolling Meadows, Illinois
60008

Dear Mr. Denton:

I have initiated an analysis of what financial return you could expect from a municipal utility tax on electric service used in Barrington Hills, Illinois. You can expect this information, as well as, the particulars on establishing the tax within the next few days.

Thank you for your inquiry and I will do my best to expedite an answer.

Sincerely,

A handwritten signature in cursive script that reads "John S. Maxson".

John S. Maxson
Staff Assistant

JSM:ch

RECEIVED
AUG 2 1972
CHEMPLEX

JOHN C. DENTON
3100 GOLF ROAD
ROLLING MEADOWS, ILLINOIS

August 23, 1972

Mr. John J. McLaughlin
President
Board of Trustees
Village of Barrington Hills
5200 Newport Drive
Rolling Meadows, Illinois 60008

Dear John:

Per your request and the assignments made at the Village Council meeting, we have been accumulating information with respect to municipal utility tax. We have previously provided you and Syd Craig copies of ordinances used by other municipalities. Attached are copies of all the correspondence we have received to date on the subject from the utility companies and other sources.

You may find the correspondence from the Illinois Municipal League of particular interest. On the cover sheet they indicate that the average annual per capita revenue produced is \$13.60. Multiplying this by a population of about 3,000 would indicate a revenue expectation of about \$40,000 for Barrington Hills. Further examination of the list of municipalities attached indicates that villages of our approximate size have had tremendous variation in the total tax income realized. I am reasonably sure that the variation relates to the concentration or absence of industry and general economic level of the citizens in the communities. We obviously will suffer from lack of industry, but I would expect that because of size of average home, percentage of air conditioning and other factors, the Barrington Hills average consumption of utilities might be higher than in many other small villages across the state. It therefore occurs to me that the original estimate made of income in the range of \$40,000 to \$45,000 is still a reasonable estimate. As a point of interest, you will notice that the phone company estimates that we will receive about \$18,000 per year on the 5% phone tax. Offhand,

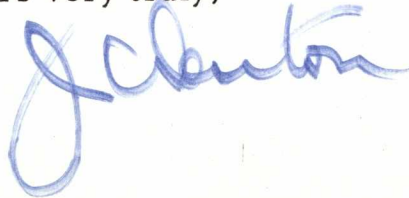
Mr. John J. McLaughlin

August 23, 1972

I would expect that we would receive at least an equivalent amount, and most likely more from the combination of taxes on electricity and natural gas. However, the number of houses still using heating oil can substantially influence this ratio.

As is apparent in the attached correspondence, if we follow the recommendation of the utility companies, we could not likely expect any actual receipt of taxes for 120 days or more after we pass the ordinance. In light of the financial crisis that has apparently existed in the Village finances for the past two or three years and is most obviously with us now, it is my personal recommendation that the new utility tax ordinance be presented and recommended for unanimous approval of the Village Board at the earliest reasonable convenience. I would further recommend that when this is done we make no positive commitment as to how the funds will be used until we have had adequate experience to clearly indentify the probable level of income.

Yours very truly,



JCD/pl
attchmts.

cc: Mr. N. Tucker w/a
Sydney G. Craig, Esquire w/a
✓ Mrs. Ann Blanchard, Village Clerk w/a