

M E M O R A N D U M

TO: Chief Administrative Officer

FROM: Comptroller

RE: Utility Tax

DATE: June 11, 2001

As requested by the City Council, approval of the attached ordinance will reduce the City's utility tax on natural gas to 3.25% from the current 5% for a period of 12 months beginning July 6, 2001.

The rate of 3.25% will return to the taxpayers an amount equal to the additional taxes paid over the past 12 months due to the unusual price increases in natural gas (80% increase over last year). I estimate that the City will receive \$420,380 from the 3.25% rate on natural gas during next fiscal year. This amount is approximately equal to the amount received before the price increases adjusted for inflation.

I will be monitoring and reporting natural gas prices during the coming cold months.

ORDINANCE NO. 2001-06-060

AN ORDINANCE AMENDING SECTION 22-45 OF THE URBANA CITY CODE TO TEMPORARILY
REDUCE THE UTILITY TAX WITH RESPECT TO NATURAL GAS

WHEREAS, it has been determined by the Urbana City Council that, due to the unexpected raise in the price of natural gas, the utility taxes paid on the consumption of natural gas has far exceeded the amount of revenue intended to be raised by such tax; and

WHEREAS, the Urbana City Council has determined that it is in the best interests of the City and the citizens herein to correct such inadvertent excess taxation by temporarily reducing the utility tax rate on natural gas for a period of one (1) year.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS:

Section 1. That Section 22-45(c)(1) is hereby amended effective 12:01 a.m. on July 7, 2001 to change the rate of tax from 5% to 3.25% effective only until and including July 6, 2002, at which point, the effective of this ordinance shall be automatically canceled and the tax rate restored to 5%.

Section 2. That the Comptroller is directed to notify Illinois Power Company in May, 2002, that the tax rate of 5% is restored effective July 7, 2002.

PASSED by the City Council this _____ day of _____, _____.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, _____.

Tod Satterthwaite, Mayor