



City of Rochelle  
City Clerk's Office

## Memo

**To: David Plyman, City Manager**  
**From: Bruce W. McKinney, City Clerk**  
**Date: March 7, 2012**  
**Re: Simplified Telecommunication Tax**

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Any Municipality with a population of less than 500,000 which attempts to impose, amend or repeal the Simplified Municipal Telecommunication tax must file a certified copy of such ordinance with the Illinois Department of Revenue prior to March 20, or September 20. Ordinances received prior to March 20 will be collected on or after the following July 1. Ordinances received prior to September 20 will be collected on or after the following January 1. 35 ILCS 636/5-20.

City Council passed Ordinance 07-3604 on September 10, 2007 to increase the Simplified Municipal Telecommunication Tax from 3% to 5% giving the overall rate including the State Telecommunication Excise Tax rate at 12%. The state collects 7%. An additional 1% increase would give the city an additional average of \$5,500 a month or \$66,000 a year. The increase to an individual's bill would only be \$0.50 to \$1.15 a month based on the number of phones they have per household and their contract with their cellular provider.

This additional revenue can be used to help pay the Fire and Police Pension Fund without increasing individual Property Tax levy.

If we do want to increase the Simplified Municipal Telecommunication tax, we will have to do it at the March 12<sup>th</sup> Council Meeting and have the Ordinance to the State by March 20.

A public hearing is not required to pass this ordinance.

## Telecommunication Rate Comparisons

### Telecommunications Tax Rate including State's 7%

Rochelle	12.0%
Machesney Park	13.0%
Cherry Valley	13.0%
Naperville	12.0%
Mascoutah	13.0%
Minooka	13.0%
Mahomet	13.0%
Kewanee	13.0%
Danville	13.0%
Troy	13.0%
Rock Falls	13.0%
Sterling	11.0%
Rockford	13.0 %
Polo	13.0%
Oregon	11.0%
DeKalb	13.0%
Davis Junction	13.0%
Byron	13.0%