



Illinois Department of Revenue

Legal Services Office
101 W. Jefferson St. MC 5-500
Springfield, IL 62794

April 14, 2022

Jim Snider
City Administrator
City of Washington
301 Walnut St.
Washington, IL 61571

Re: Ordinance No. 3457
Home Rule Municipal Retailers' and Service Occupation Tax

Dear Mr. Snider:

This is to acknowledge receipt of the City of Washington's Ordinance No. 3457 increasing the Home Rule Municipal Retailers' Occupation Tax and Home Rule Municipal Service Occupation Tax by 0.5% to the rate of 2.25%. With this tax, the general merchandise rate in Washington will increase to 9%.

The Illinois Department of Revenue shall collect, administer, and enforce the increase in the Home Rule Municipal Retailers' Occupation Tax and Home Rule Municipal Service Occupation Tax effective **July 1, 2022**, in accordance with the provisions of 65 ILCS 5/8-11-1 and 65 ILCS 5/8-11-5.

We note, however, that the imposition of the Service Occupation Tax includes two technical errors that we must ask you to correct. In Section 35.35 Imposition of Tax, in the first line, it reads "sales and service" and in the last line of that same paragraph it reads "sales or service." In fact, the statute authorizes the imposition of a tax on "sales of service," with the tax imposed on tangible personal property transferred incident to a sale of service (e.g., the oil and filter transferred incident to an oil change service). Please amend this provision to replace the "and" and "or" respectively with "of" so that your imposition of tax is in line with the statutory term. See 65 ILCS 5/8-11-1.4.

Please adopt an ordinance correcting these errors and file a certified copy with the Department at your earliest convenience, but **on or before June 15, 2022**, at the following address:

Local Tax Allocation Division
Illinois Department of Revenue
101 W. Jefferson St. MC 3-500
Springfield, IL 62702

ORDINANCE NO. _____

AN ORDINANCE AMENDING CHAPTER 35 OF THE MUNICIPAL CODE OF THE CITY OF WASHINGTON, TAZEWELL COUNTY, ILLINOIS, ENTITLED "TAXATION" TO CORRECT A PROVISION RELATED TO THE HOME RULE MUNICIPAL SERVICE OCCUPATION TAX

WHEREAS, on March 21, 2022, the City of Washington (the "City") passed Ordinance No. 3457 (the "Ordinance") to increase the home rule portion of the sales tax by 0.5% from 1.75% to 2.25% of gross receipts from sales of service and which shall be used for stormwater management-related expenses; and

WHEREAS, the Illinois Department of Revenue ("IDR") collects, administers and enforces said increase in the Home Rule Municipal Retailers' Occupation Tax and Home Rule Municipal Service Occupation Tax pursuant to Illinois law; and

WHEREAS, the IDR requested the City adopt a technical correction to Section 35.35 of the City's Municipal Code ("Code") as revised by the Ordinance to be consistent with state statute; and

WHEREAS, in light of the foregoing, the City Council has determined that it is in the best interest of the City to amend Section 35.35 of the Code to be consistent with state statute.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Washington, Illinois as follows:

Section 1: The recitals; as set forth above, are incorporated herein as though fully set forth and shall be considered the express findings of the City Council.

Section 2: That §35.35 of Chapter 35 of the Municipal Code of the City of Washington, Tazewell County, Illinois, be, and the same hereby is, amended as follows:

"35.35 IMPOSITION OF TAX

A tax is imposed upon all persons engaged in the business of sales ~~and~~ of service, other than food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks and food that has been prepared for immediate consumption) and prescription and non-prescription medicines, drugs, medical appliances and insulin, urine testing materials, syringes and needles used by diabetics, at the rate of 2.25% of the selling price of all tangible personal property transferred by such servicemen either in the form of tangible personal property or in the form of real estate as an incident to a sale ~~or~~ of service while this division is in effect.

The imposition of this Home Rule Municipal Service Occupation Tax is in accordance with the provisions of §8-11-5 of the Illinois Municipal Code (65 ILCS 5/8-11-5). The

provisions and definitions of that section are hereby incorporated into this Division by reference thereto.”

Section 3: That all ordinances or parts thereof in conflict herewith are hereby expressly repealed.

Section 4: That this ordinance shall be in full force and effect from and after its passage, approval, and publication as provided by law.

Section 5: That the City Clerk shall cause a certified copy of this ordinance to be filed with the Illinois Department of Revenue, Local Tax Allocation Division, 101 W. Jefferson St. MC 3-500, Springfield, IL 62702 as soon as practical but on or before June 15, 2022.

PASSED AND APPROVED this _____ day of _____ 2022.

AYES: _____

NAYS: _____

ATTEST:

MAYOR

CITY CLERK