



City of Chicago



O2016-7090

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	9/12/2016
Sponsor(s):	Dept./Agency
Type:	Ordinance
Title:	Amendment of Municipal Code Titles 3 and 11 regarding Chicago Water and Sewer Tax
Committee(s) Assignment:	Committee on Finance



①
9/8
COE

OFFICE OF BUDGET AND MANAGEMENT
CITY OF CHICAGO

August 30, 2016

TO THE HONORABLE, THE CHAIRMAN AND
MEMBERS OF THE CITY COUNCIL COMMITTEE ON
FINANCE

Ladies and Gentlemen:

I transmit herewith an ordinance that creates a new Chapter 3-80 of the Municipal Code establishing the Chicago Water and Sewer Tax and amends associated Code provisions.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Alexandra Holt
Budget Director

ORDINANCE

WHEREAS, the City of Chicago ("City") is a home rule municipality under Article VII Section 6 of the 1970 Constitution of the State of Illinois; and

WHEREAS, the City as a home rule municipality may exercise any power and perform any function pertaining to its government and affairs, including the power to impose certain taxes; and

WHEREAS, the City Council deems it to be in the best interest of the City and its residents to impose a tax on the use or consumption of water in the City, and on the transfer of wastewater to the City sewer system from properties located in the City; and

WHEREAS, the tax will provide the City with needed revenue for pension funding; and

WHEREAS, the tax will help alleviate the need for further increases in property taxes; now therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Title 3 of the Municipal Code of Chicago is hereby amended by adding a new Chapter 3-80 as follows:

Chapter 3-80 CHICAGO WATER AND SEWER TAX

3-80-010 Title.

This chapter shall be known and may be cited as the "Chicago Water and Sewer Tax Ordinance." The tax shall be known as the "Chicago Water and Sewer Tax" and is imposed in addition to all other taxes imposed by the City of Chicago, the State of Illinois or any other municipal corporation or political subdivision of the State of Illinois.

3-80-020 Definitions.

When any of the following words or terms is used in this chapter, it shall have the meaning ascribed to it in this section:

- A. "City" means the City of Chicago, Illinois.
- B. "Department of Finance" means the City's Department of Finance or any successor department of the City.
- C. "Department of Water Management" means the City's Department of Water Management or any successor department of the City.

D. "Fee" means the fee, charge, rate or other amount billed to a Purchaser for water or sewer service. "Fee" does not include (i) any interest or penalties related to a Fee, or (ii) the tax imposed by this chapter, or any interest or penalties related to the tax.

E. "Person" means any natural individual, firm, trust, estate, partnership, association, joint stock company, joint venture, corporation, limited liability company, municipal corporation or political subdivision of the State of Illinois, or a receiver, trustee, conservator or other representative appointed by order of any court.

F. "Purchaser" means any person who purchases water or sewer service from the Department of Water Management.

3-80-030 Tax imposed.

Except as otherwise provided by this chapter, a tax is imposed upon: (1) the use or consumption in the City of water that is purchased from the Department of Water Management, and (2) the transfer of wastewater to the City sewer system from property located in the City. The ultimate incidence of and liability for payment of the tax is upon the Purchaser.

3-80-040 Rate of tax.

The rate of the tax shall be as follows:

A. For water use: (1) during calendar year 2017, \$.000295 per gallon of water used or consumed; (2) during calendar year 2018, \$.00064 per gallon of water used or consumed; (3) during calendar year 2019, \$.001005 per gallon of water used or consumed; (4) during calendar year 2020, and during each calendar year thereafter, \$.001255 per gallon of water used or consumed. In the case of metered water service, the tax on water use shall equal the water tax rate multiplied by the number of gallons of water used or consumed. In the case of non-metered water service, the tax on water use shall equal the water tax rate multiplied by the assumed number of gallons of water used or consumed. Where no exemption applies, the assumed number of gallons of water used or consumed shall be determined by dividing the total water Fees charged by the per-gallon metered water Fee rate. Where an exemption applies, the assumed number of gallons of water used or consumed shall be determined by dividing the total water Fees that would have been charged in the absence of any exemption by the per-gallon metered water Fee rate.

B. For sewer use: 100% of the amount of tax determined to be owed for water use, as calculated in accordance with subsection A of this section.

3-80-050 Exemptions.

A. The tax imposed by this chapter shall not apply to:

1. any person, business or activity which, under the laws of the United States or the State of Illinois, may not be made the subject of taxation by the City;

2. for water use, the use or consumption of water for which the Purchaser is exempt from paying a water Fee;

3. for sewer use, the transfer of wastewater for which the Purchaser is exempt from paying a sewer Fee.

B. Where a percentage of water or sewer Fees is exempt, the same percentage of use shall be exempt from the tax on water or sewer use. Where a dollar amount of water or sewer Fees is exempt, the equivalent amount of use shall be exempt from the tax on water or sewer use. This shall include, but not be limited to, an exemption from the payment of water or sewer Fees as the result of the cap provided by the City's MeterSave program. For purposes of this subsection B, the amount of sewer use shall be assumed to equal the amount of water use.

3-80-060 Collection and payment of the tax.

The Department of Finance shall collect the tax by billing it as a separately stated item on its unified statement of charges to Purchasers of water and sewer service. The Purchaser shall pay the tax to the Department of Finance on or before the payment due date of the Department of Finance's first bill that includes the tax. A late payment penalty assessed at a monthly rate of one and one-fourth percent shall be imposed on all tax for which payment in full is not received within 24 calendar days from the date the bill therefor was sent, as shown by the records of the Department of Finance. The late payment penalty shall not be imposed upon persons who are 65 years or older, who own and reside in their own residence and who have a separate water meter or water assessment.

3-80-070 Deposit of Funds.

All proceeds resulting from the imposition of the tax imposed by this chapter, including any interest or penalties related to the tax, shall be deposited in the City's Corporate Fund and may be used for any lawful purpose.

3-80-080 Rules and Regulations.

The Comptroller is authorized to adopt, promulgate and enforce reasonable rules and regulations pertaining to the administration and enforcement of this chapter.

SECTION 2. Chapter 11-12 of the Municipal Code of Chicago is hereby amended by adding the language underscored, as follows:

11-12-480 Delinquent payments.

(Omitted text is unaffected by this ordinance)

(c) Whenever a payment is made for charges on a unified statement of charges and such payment does not cover the full amount of the current charges or any unpaid charges from a

prior unified statement of charges, any amount paid shall be allocated pro-rata among the unpaid charges, including any associated penalties, oldest statements first. For purposes of this Section 11-12-480(c), the term "charges" shall include the Chicago Water and Sewer Tax imposed by Chapter 3-80 of this Code.

SECTION 3. This ordinance shall be effective upon passage and approval, and the tax imposed hereby shall apply to all periods on and after January 1, 2017. The tax shall be billed by the Department of Finance with all bills that include periods on and after January 1, 2017 and shall be paid by Purchasers in accordance with those bills.