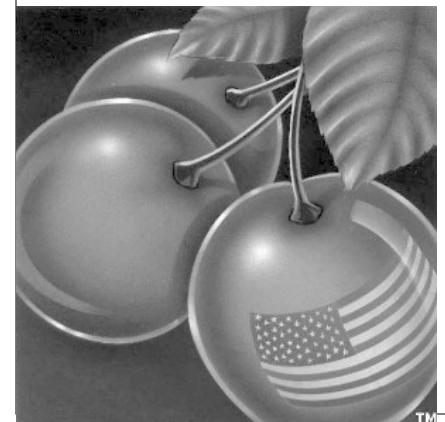


## Municipal Telecommunications Tax



Village of  
Cherry Valley



Village of Cherry Valley  
806 E. State Street  
Cherry Valley, Illinois 61016

Presorted  
Standard  
U.S. Postage  
**PAID**  
Cherry Valley, IL  
Permit No. 45

Resident  
Cherry Valley, IL 61016

## LEARN MORE!

*No brochure could possibly answer every question related to the telecommunications tax. In an attempt to further address your questions and concerns, the Village has placed a page on its website to provide additional information.*

Go to [www.cherryvalley.org](http://www.cherryvalley.org) and click on the "Telecommunications Tax" link on the front page.





The Village of Cherry Valley has adopted a 6% telecommunications tax which will go into effect on January 1, 2010. The intent of this brochure is to explain why the

Village implemented this tax and what it intends to do with the revenues received.

### Cherry Valley & Taxes

Since the creation of the mall business area, the Village has operated its police, water, public works and administration departments without the need for a Village property tax levy.

While residents of Cherry Valley pay property taxes to the School District, Fire District, Library, etc., citizens pay no property taxes to the Village.

Sales tax generated from retail businesses located in our Village pay for most of the services enjoyed by area residents. For every dollar currently spent in a local business, one (1) cent comes back to the Village to pay for the operations of its government.

One of the major strong points Cherry Valley has over other area communities is our lack of a property tax levy. This helps the Village when attempting to attract new businesses.

### WHERE DOES THE MONEY GO?

Cherry Valley's revenues pay for the operations of your local community. These operations include: Police Protection \* Maintaining Village Parks \* Public Works \* Road Repairs & Construction \* Street plowing, \* Zoning / Nuisance Enforcement \* Issuing Permits \* Various Community Events Through Out The Year \*

These are just some of the services paid for through the local sales tax.

### Simplified Municipal Communications Tax As defined in State of Illinois Law:

#### Statutory Reference

[35 ILCS 636](#)

#### Definition

Municipalities may impose the Simplified Municipal Telecommunications Tax on the privilege of originating or receiving telecommunications. DSL services purchased, used, or sold by a provider of internet access, to provide internet access are also subject to Illinois Telecommunications Taxes. DSL services purchased, used, or sold by a non-provider of internet access are also subject to Illinois Telecommunications Tax.



### WHY THIS TAX?

Cherry Valley is committed to maintaining the same quality level of services for the residents of the Village. Unfortunately the cost of providing basic city services is increasing, while revenues are decreasing. Currently 79% of our revenues come from sales tax. Sales Tax revenues have decreased in 2007, 2008 and will further decrease in 2009.

Unfortunately the State of Illinois, in an attempt to manage its own budget problems, has passed onto communities more financial responsibilities, while cutting the funds they have historically provided. Additionally State law prohibits the Village from taking revenues from other (less impacted) fund groups (such as water and capital improvement) to offset any shortfalls.

As early as Fiscal Year 2004, the Village was recognizing this trend, and as a result, cut its budget by 20%. In addition, the Village has opted to undertake cost saving measures such as remodeling the Village's forty year old public works building instead of constructing new facilities as well as delaying the purchase of various equipment.

Currently Cherry Valley is one of the few communities in the State without a telecommunications tax; based on the impact experienced by other communities, it was determined this option would be the least detrimental / costly to residents.

### WHAT IS THE IMPACT ON A RESIDENT?

This tax is typically applicable on telephone and similar electronic means of communication. The impact of telecommunications tax on an individual homeowner will vary depending on what you currently use in the way of telephone service. For example, if your current monthly phone bill is \$75.00, then your monthly bill increase will be \$4.50.