

TITLE 3
REVENUE AND FINANCE

Chapters:

- 3.04 Fiscal Provisions Generally
- 3.08 Tax Rights and Responsibilities
- 3.12 Municipal Cannabis Retailers' Occupation Tax
- 3.16 Investment Policy

Chapter 3.04

Fiscal Provisions Generally

Sections:

3.04.010 Designated

§3.04.010 Designated. The fiscal year of the Village shall begin on the first day of May of each year and end on the last day of April of the following year.

Chapter 3.08

Tax Rights and Responsibilities

Sections:

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§3.08.010 Title. This Chapter shall be known as, and may be cited as, the “Locally Imposed and Administered Tax Rights and Responsibilities Ordinance”.

§3.08.020 Scope. The provisions of this Chapter shall apply to the Village’s procedures in connection with all of the Village’s Locally Imposed and Administered Taxes.

§3.08.030 Definitions. Certain words or terms herein shall have the meaning ascribed to them as follows:

“Act” means the Local Government Taxpayers’ Bill of Rights Act.

“Corporate Authorities” means the Village’s President and Board of Trustees.

“Local Tax Administrator”, the Village’s Treasurer, is charged with the administration and collection of the Locally Imposed and Administered Taxes, including staff, employees, or agents to the extent they are authorized by the Local Tax Administrator to act in the Local Tax Administrator’s stead. The Local Tax Administrator shall have the authority to implement the terms of this Chapter to give full effect to this Chapter. The exercise of such

authority by the Local Tax Administrator shall not be inconsistent with this Chapter and the Act.

“Locally Imposed and Administered Tax” or “Tax” means each tax imposed by the Village that is collected or administered by the Village, not an agency or department of the state. It does not include any taxes imposed upon real property under the Property Tax Code or fees collected by the Village other than infrastructure maintenance fees.

“Notice” means each audit notice, collection notice, or other similar notice or communication in connection with each of the Village’s Locally Imposed and Administered Taxes.

“Tax Ordinance” means each ordinance adopted by the Village that imposes any Locally Imposed and Administered Tax.

“Taxpayer” means any person required to pay any Locally Imposed and Administered Tax and generally includes the person upon whom the legal incidence of such tax is placed and with respect to consumer taxes includes the business or entity required to collect and pay the Locally Imposed and Administered Tax to the Village.

“Village” means the Village of Princeville, Illinois.

§3.08.040 Notices. Unless otherwise provided, whenever notice is required to be given, the notice is to be in writing mailed at least seven (7) days prior to the day fixed for any applicable hearing, audit, or other scheduled act of the Local Tax Administrator. The notice shall be sent by the Local Tax Administrator as follows:

- A. First class or express mail, or overnight mail, addressed to the persons concerned at the persons’ last known address; or
- B. Personal service or delivery.

§3.08.050 Late Payment. Any notice, payment, remittance, or other filing required to be made to the Village pursuant to any tax ordinance shall be considered late unless it is (a) physically received by the Village on or before the due date; or (b) received in an envelope or other container displaying a valid, readable U.S. postmark dated on or before the due date, properly addressed to the Village, with adequate postage prepaid.

§3.08.060 Payment. Any payment or remittance received for a tax period shall be applied in the following order: (1) first to the tax due for the applicable period; (2) second to the interest due for the applicable period; and (3) third to the penalty for the applicable period.

§3.08.070 Certain Credits and Refunds.

- A. The Village shall not refund or credit any taxes voluntarily paid without written protest at the time of payment in the event that a Locally Imposed and Administered Tax is declared invalidly enacted or unconstitutional by a court of competent jurisdiction. However, a taxpayer shall not be deemed to have paid the tax voluntarily if the taxpayer lacked knowledge of the facts upon which to protest the taxes at the time of payment or if the taxpayer paid the taxes under duress.
- B. The statute of limitations on a claim for credit or refund shall be four (4) years after the end of the calendar year in which payment in error was made. The Village shall not grant a credit or refund of Locally Imposed and Administered Taxes, interest, or penalties to a person who has not paid the amounts directly to the Village.
- C. The procedure for claiming a credit or refund of Locally Imposed and Administered Taxes, interest, or penalties paid in error shall be as follows:
 - 1. The taxpayer shall submit to the Local Tax Administrator in writing a claim for credit or refund together with a statement specifying:
 - a. The name of the Locally Imposed and Administered Tax subject to the claim;
 - b. The tax period for the Locally Imposed and Administered Tax subject to the claim;
 - c. The date of the tax payment subject to the claim and the cancelled check or receipt for the payment;
 - d. The taxpayers' recalculation, accompanied by an amended or revised tax return, in connection with the claim; and
 - e. A request for either a refund or a credit in connection with the claim to be applied to the amount of tax, interest, and penalties overpaid, and, as applicable, related interest on the amount overpaid; provided, however, that there shall be no refund and only a credit given in the event the taxpayer owes any monies to the Village.
 - 2. Within ten (10) days of the receipt by the Local Tax Administrator of any claim for a refund or credit, the Local Tax Administrator shall either:
 - a. Grant the claim; or

- b. Deny the claim, in whole or in part, together with a statement as to the reason for the denial or the partial grant and denial.
3. In the event the Local Tax Administrator grants, in whole or in part, a claim for refund or credit, the amount of the grant for refund or credit shall bear interest at the rate of three percent (3%) per annum, based on a year of three hundred sixty-five (365) days and the number of days elapsed, from the date of the overpayment to the date of mailing of a refund check or the grant of a credit.

§3.08.080 Audit Procedure. Any request for proposed audit pursuant to any local administered tax shall comply with the notice requirements of this Chapter.

- A. Each notice of audit shall contain the following information:
 1. The tax;
 2. The time period of the audit; and
 3. A brief description of the books and records to be made available for the auditor.
- B. Any audit shall be conducted during normal business hours and if the date and time selected by the Local Tax Administrator is not agreeable to the taxpayer, another date and time may be requested by the taxpayer within thirty (30) days after the originally designated audit and during normal business hours.
- C. The taxpayer may request an extension of time to have an audit conducted. The audit shall be conducted not less than seven (7) days nor more than thirty (30) days from the date the notice is given, unless the taxpayer and the Local Tax Administrator agreed to some other convenient time. In the event the taxpayer is unable to comply with the audit on the date in question, the taxpayer may request another date within the thirty (30) days, approved in writing, that is convenient to the taxpayer and the Local Tax Administrator.
- D. Every taxpayer shall keep accurate books and records of the taxpayer's business or activities, including original source documents and books of entry denoting the transactions which had given rise or may have given rise to any tax liability, exemption, or deduction. All books shall be kept in the English language and shall be subject to and available for inspection by the Village.
- E. It is the duty and responsibility of every taxpayer to make available its books and records for inspection by the Village. If the taxpayer fails to provide the documents necessary for audit within the time provided, the Local Tax

Administrator may issue a tax determination and assessment based on the Tax Administrator's determination of the best estimate of the taxpayer's tax liability.

- F. If an audit determines there has been an overpayment of a local imposed and administered tax as a result of the audit, written notice of the amount of overpayment shall be given to the taxpayer within thirty (30) days of the Village's determination of the amount of overpayment.
- G. In the event a tax payment was submitted to the incorrect local governmental entity, the Local Tax Administrator shall notify the local governmental entity imposing such tax.

§3.08.090 Appeal.

- A. The Local Tax Administrator shall send written notice to a taxpayer upon the Local Tax Administrator's issuance of a protestable notice of tax due, a bill, a claim denial, or a notice of claim reduction regarding any tax. The notice shall include the following information:
 - 1. The reason for the assessment;
 - 2. The amount of the tax liability proposed;
 - 3. The procedure for appealing the assessment; and
 - 4. The obligations of the Village during the audit, appeal, refund, and collection process.
- B. A taxpayer who receives written notice from the Local Tax Administrator of a determination of tax due or assessment may file with the Local Tax Administrator a written protest and petition for hearing, setting forth the basis of the taxpayer's request for a hearing. The written protest and petition for hearing must be filed with the Local Tax Administrator within forty-five (45) days of receipt of the written notice of the tax determination and assessment.
- C. If a timely written notice and petition for hearing is filed, the Local Tax Administrator shall fix the time and place for hearing and shall give written notice to the taxpayer. The hearing shall be scheduled for a date within fourteen (14) days of receipt of the written protest and petition for hearing, unless the taxpayer requests a later date convenient to all parties.
- D. If a written protest and petition for hearing is not filed within the forty-five (45) day period, the tax determination, audit, or assessment shall become a final bill due and owing without further notice.

- E. Upon the showing of reasonable cause by the taxpayer and the full payment of the contested tax liability along with interest accrued as of the due date of the tax, the Local Tax Administrator may reopen or extend the time for filing a written protest and petition for hearing. In no event shall the time for filing a written protest and petition for hearing be reopened or extended for more than ninety (90) days after the expiration of the forty-five (45) day period.

§3.08.100 Hearing.

- A. Whenever a taxpayer or a tax collector has filed a timely written protest and petition for hearing under Section 3.08.090, the Local Tax Administrator shall conduct a hearing regarding any appeal.
- B. No continuances shall be granted except in cases where a continuance is absolutely necessary to protect the rights of the taxpayer. Lack of preparation shall not be grounds for a continuance. Any continuance granted shall not exceed fourteen (14) days.
- C. At the hearing the Local Tax Administrator shall preside and shall hear testimony and accept any evidence relevant to the tax determination, audit, or assessment. The strict rules of evidence applicable to judicial proceedings shall not apply
- D. At the conclusion of the hearing, the Local Tax Administrator shall make a written determination on the basis of the evidence presented at the hearing. The taxpayer or tax collector shall be provided with a copy of the written decision.

§3.08.110 Interest and Penalties. In the event a determination has been made that a tax is due and owing, through audit, assessment, or other bill sent, the tax must be paid within the time frame otherwise indicated.

- A. Interest. The Village provides for the amount of interest to be assessed on a late payment, underpayment, or nonpayment of the tax, to be seven percent (7%) per annum, based on a year of three hundred sixty-five (365) days and the number of days elapsed.
- B. Late Filing and Payment Penalties. If a tax return is not filed within the time and manner provided by the controlling tax ordinance, a late filing penalty, of five percent (5%) of the amount of tax required to be shown as due on a return shall be imposed; and a late payment penalty of five percent (5%) of the tax due shall be imposed. If no return is filed within the time or manner provided by the controlling tax ordinance and prior to the Village issuing a notice of tax delinquency or notice of tax liability, then a failure to file penalty shall be assessed equal to twenty-five percent (25%) of the total tax due for the applicable reporting period for which the return was required to be file. A

late filing or payment penalty shall not apply if a failure to file penalty is imposed by the controlling ordinance.

§3.08.120 Abatement. The Local Tax Administrator shall have the authority to waive or abate any late filing penalty, late payment penalty, or failure to file penalty if the Local Tax Administrator shall determine reasonable cause exists for delay or failure to make a filing.

§3.08.130 Installment Contracts. The Village may enter into an installment contract with the taxpayer for the payment of taxes under the controlling tax ordinance. The Local Tax Administrator may not cancel any installment contract so entered unless the taxpayer fails to pay any amount due and owing. Upon written notice by the Local Tax Administrator that the payment is thirty (30) days delinquent, the taxpayer shall have fourteen (14) working days to cure any delinquency. If the taxpayer fails to cure the delinquency within the fourteen (14) day period or fails to demonstrate good faith in restructuring the installment contract with the Local Tax Administrator, the installment contract shall be canceled without further notice to the taxpayer.

§3.08.140 Statute of Limitations. The Village, through the Local Tax Administrator, shall review all tax returns in a prompt and timely manner and inform taxpayers of any amounts due and owing. The taxpayer shall have fourteen (14) days after receiving notice of the reviewed tax returns to make any request for refund or provide any tax still due and owing.

- A. No determination of tax due and owing may be issued more than four (4) years after the end of the calendar year for which the return for the applicable period was filed or for the calendar year in which the return for the applicable period was due, whichever occurs later.
- B. If any tax return is not filed or if during any four (4) year period for which a notice of tax determination or assessment may be issued by the Village, the tax paid was less than seventy-five percent (75%) of the tax due, the statute of limitations shall be six (6) years after the end of the calendar year in which return for the applicable period was due or end of the calendar year in which the return for the applicable period was filed.
- C. No statute of limitations shall apply if a fraudulent tax return was filed by the taxpayer.

§3.08.150 Voluntary Disclosure. For any Locally Imposed and Administered Tax for which a taxpayer has not received a written notice of an audit, investigation, or assessment from the Local Tax Administrator, a taxpayer is entitled to file an application with the Local Tax Administrator for a voluntary disclosure of the tax due. A taxpayer filing a voluntary disclosure application must agree to pay the amount of tax due, along with interest of one percent (1%) per month, for all periods prior to the filing of the application but not more than four (4) years before the date of filing the application. A taxpayer filing a

valid voluntary disclosure application may not be liable for any additional tax, interest, or penalty for any period before the date the application was filed. However, if the taxpayer incorrectly determined and underpaid the amount of tax due, the taxpayer is liable for the underpaid tax along with applicable interest on the underpaid tax, unless the underpayment was the result of fraud on the part of the taxpayer, in which case the application shall be deemed invalid and void. The payment of tax and interest must be made by no later than ninety (90) days after the filing of the voluntary disclosure application or the date agreed to by the Local Tax Administrator. However, any additional amounts owed as a result of an underpayment of tax and interest previously paid under this Section must be paid within ninety (90) days after a final determination and the exhaustion of all appeals of the additional amount owed or the date agreed to by the Local Tax Administrator, whichever is longer.

§3.08.160 Publication of Tax Ordinances. Any locally administered tax ordinance shall be published via normal or standard publishing requirements. The posting of a tax ordinance on the Internet shall satisfy the publication requirements. Copies of all tax ordinances shall be made available to the public upon request at the Village Clerk's office.

§3.08.170 Liens. The Local Tax Administrator shall establish an internal review procedure regarding any liens filed against any taxpayers for unpaid taxes. Upon a determination by the Local Tax Administrator that the lien is valid, the lien shall remain in full force and effect. If the lien is determined to be improper, the Local Tax Administrator shall:

- A. Timely remove the lien at the Village's expense;
- B. Correct the taxpayer's credit record; and
- C. Correct any public disclosure of the improperly imposed lien.

§3.08.180 Application. This Chapter shall be liberally construed and administered to supplement all of the Village's tax ordinances. To the extent that any tax ordinance is in conflict with or inconsistent with this Chapter, this Chapter shall be controlling.

Chapter 3.12

Municipal Cannabis Retailers' Occupation Tax

Sections:

- 3.12.010 Tax Imposed; Rate
- 3.12.020 Collection of Tax by Recreational Cannabis Retailers

§3.12.010 Tax Imposed; Rate.

- A. A tax is hereby imposed upon all persons engaged in the business of selling cannabis, other than cannabis purchased under the Compassionate Use of Medical Cannabis Pilot Program Act, at retail in the Village at the rate of three percent (3.0%) of the gross receipts from these sales made in the course of that business.
- B. The imposition of this tax is in accordance with the provisions of Illinois Municipal Cannabis Retailers' Occupation Tax Law, as set forth in Section 8-11-22 of the Illinois Municipal Code (65 ILCS 5/8-11-22), as amended from time to time.

§3.12.020 Collection of Tax by Recreational Cannabis Retailers.

- A. The tax imposed by this Chapter shall be remitted by such retailer to the Illinois Department of Revenue. Any tax required to be collected pursuant to or as authorized by this Chapter and any such tax collected by such retailer and required to be remitted to the Illinois Department of Revenue shall constitute a debt owed by the retailer to the State. Retailers may reimburse themselves for their seller's tax liability hereunder by separately stating that tax as an additional charge, which charge may be stated in combination, in a single amount, with any State tax that sellers are required to collect.
- B. The taxes hereby imposed, and all civil penalties that may be assessed as an incident thereto, shall be collected and enforced by the Illinois Department of Revenue. The Illinois Department of Revenue shall have full power to administer and enforce the provisions of this Chapter.

Chapter 3.16

Investment Policy

Sections:

3.16.010	Policy
3.16.020	Scope
3.16.030	Standard of Care.
3.16.040	Objective.
3.16.050	Delegation of Authority.
3.16.060	Investment Instruments.
3.16.070	Collateralization.
3.16.080	Authorized Financial Institutions, Advisors, and Managers.
3.16.090	Diversification.
3.16.100	Safekeeping of Securities.
3.16.110	Ethics and Conflicts of Interest.
3.16.120	Internal Controls.
3.16.130	Indemnification.
3.16.140	Performance Standards.
3.16.150	Reporting.
3.16.160	Amendment and Review.

§3.16.010 Policy. It is the policy of the Village of Princeville to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state statutes governing the investment of public funds.

§3.16.020 Scope. This investment policy applies to all general operating funds of the Village. These funds include all current operating funds and any other funds which may be created from time to time, and does not include specified funds regulated by other provisions of state or federal law.

§3.16.030 Standard of Care. The standard of prudence to be used by investment officials shall be the "prudent person" standard, and this standard shall be applied in the context of managing an overall portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived.

§3.16.040 Objective. The primary objective, in order of priority, shall be:

- Legality: Conformance with federal, state and other legal requirements

- Safety: Preservation of capital and protection of investment principal
- Liquidity: Maintenance of sufficient liquidity to meet operating requirements
- Yield: Attainment of market rates of return

The portfolio should be reviewed periodically as to its effectiveness in meeting the entity's needs for safety, liquidity, rate of return, diversification and its general performance.

§3.16.050 Delegation of Authority. The establishment of an investment policy is the responsibility of the Village President and the Board of Trustees of the Village of Princeville. Management and administrative responsibility for the investment program is hereby delegated to the Village Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate investment and financial activities and subordinate officials. The system of controls shall be written and shall include procedures which explicitly set forth the delegation of authority to responsible persons for specific financial transactions and which are designed to prevent losses of funds that might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees or officials. The Treasurer may from time to time amend the written procedures in a manner not inconsistent with this policy or state statutes. No person may engage in any investment transaction except as provided for under the terms of this policy.

§3.16.060 Investment Instruments. Investments shall be made that reflect the cash flow needs of the specific fund type being invested. The investment of Village funds may only be made in the following instruments:

- A. Bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued by the United States of America, its agencies and allowable instrumentalities;
- B. Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (investments may be made only in those savings banks or savings and loan associations, the shares or investment certificates of which are insured by the Federal Deposit Insurance Corporation);
- C. Certificates of deposit with federally insured institutions that are collateralized or insured at levels acceptable to the Village in excess of the one hundred thousand dollars provided by the Federal Deposit Insurance Corporation coverage limit;
- D. The Illinois Public Treasurer's Investment Pool; and

- E. Any other instrument specifically authorized under the Illinois Public Funds Investment Act.

§3.16.070 Collateralization. Village funds on deposit in excess of FDIC insurable limits must be secured by some form of collateral to protect public deposits in a single financial institution if the institution were to default. Collateral must be placed in safekeeping at or before the time when the Village buys an investment in a manner clearly demonstrating that the purchase of the investment is predicated on the securing of the collateral. Third party safekeeping is required for all collateral and shall be documented by an approved written agreement between the Village and a financial institution which complies with all state and federal (including FDIC) regulations.

§3.16.080 Authorized Financial Institutions, Advisors, and Managers. The Treasurer shall maintain a list of financial institutions authorized to provide investment services for the Village and to handle Village funds. Additionally, as necessary, the Treasurer shall maintain a list of financial advisors and money managers. In order to be placed on these lists, the financial institution, financial advisor, or money manager must be approved based upon credit worthiness, meeting state and federal laws and regulations, and ability to provide necessary services or investment types for the Village.

§3.16.090 Diversification. The Village's investments shall be diversified within the practical considerations which reflect the types of funds being invested, the amount of funds, the purpose of the funds, and the cash flow needs of the funds. Diversification shall include the type of investment, length of maturity, and number of institutions holding the Village's investments.

§3.16.100 Safekeeping of Securities. Third party safekeeping is required for all securities and financial instruments. Safekeeping shall be documented by an approved written agreement between the Village and a financial institution which complies with all state and federal (including FDIC) regulations. The written agreement may be in the form of a safekeeping agreement, trust agreement, escrow agreement, or custody agreement. Original certificates of deposit may be held by the originating bank or financial institution with a safekeeping receipt providing the necessary and acceptable documentation.

§3.16.110 Ethics and Conflicts of Interest. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the Village's investment program, or that could impair their ability to make impartial decisions. No elected official, council member, or employee of the Village or a member of the immediate family of such a person shall act as banker, broker, or investment advisor for the Village, or receive any compensation either directly or indirectly as a result of any investment made by the Village, or have any interest in any investment made by the Village.

§3.16.120 Internal Controls. The Treasurer is responsible for establishing and maintaining an internal control structure, which includes written policies, designed to ensure

that the assets of the Village are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

Accordingly, the Treasurer shall establish a process which includes an annual independent review by an external auditor to assure compliance with the established policies and procedures. Additionally, the internal control structure shall consider control of collusion, separation of transaction authority from accounting and bookkeeping, custodial safekeeping, clear delegation of authority to subordinate staff members, and written confirmation of transactions for investments and wire transfers. Furthermore, when practicable, monies received will be invested within five business days in an interest-bearing account.

§3.16.130 Indemnification. Investment officers and employees of the Village, including the Village Treasurer, acting in accordance with this policy and such written operational policies as may be established by the Village Board, and who otherwise exercise due diligence and act with reasonable prudence in accordance with Section 3.16.030, shall be relieved of personal liability for an individual security's credit risk or market changes.

§3.16.140 Performance Standards. The investment portfolio will be managed in accordance with the parameters specified within the policy. The portfolio should obtain a market average rate of return during a market and economic conditions of stable interest rates. In general, the Treasurer will strive to earn an average rate of return consistent with the U.S. Treasury Bill rate of return for a given period of time for the average weighted maturity of the Village's investments.

§3.16.150 Reporting. The Treasurer shall prepare an investment report at least quarterly, including a succinct management summary to provide a clear picture of the status of the current investment portfolio. This management summary will be prepared in a manner, which will allow the Village Board and its agents to ascertain whether investment activities during the reporting period have conformed to this investment policy and in a format suitable for review by the general public. The report should be provided to the President and Village Board of Trustees. The report will include the following:

- A. A list of individual securities held at the end of the reporting period;
- B. Listing of investments by maturity date, and
- C. The percentage of the total portfolio broken down by defined maturity periods.

§3.16.160 Amendment and Review. This policy shall be reviewed on an annual basis by the Treasurer, the Village President, and the Board of Trustees, and the Village Board must approve any modifications made hereto.

(Ord. 2021-03-02, 3-16-21)