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COPY

JOURNAL of the PROCEEDINGS
OF THE
CITY COUNCIL
OF THE
CITY OF CHICAGO, ILLINOIS

Recessed Session—Thursday, July 16, 1981

at 11:00 A.M.

(of the Regular Meeting Scheduled at 10:00 A.M.—Tuesday, July 14, 1981)

(Council Chamber—City Hall—Chicago, Illinois)

OFFICIAL RECORD.

ALDERMAN EDWARD R. VRDOLYAK, PRESIDENT PRO TEM., IN THE CHAIR.

In the absence of Honorable Jane M. Byrne, Mayor, Alderman Edward R. Vrdolyak, President Pro Tem. assumed the Chair.

Attendance at Meeting.

Present—Aldermen Roti, Barnett, Bloom, Bertrand, Humes, Shaw, Vrdolyak, Huels, Madrzyk, Burke, Brady, Barden, Streeter, Kellam, Sheahan, Sherman, Stemberk, Shumpert, Marzullo, Nardulli, Ray, Carothers, Davis, Kuta, Mell, Frost, Marcin, Farina, Casey, Laurino, Rittenberg, Natarus, Merlo, Clewis, Schulter Volini, Orr, Stone.

Absent—Aldermen Kenner, Evans, Sawyer, Majerczyk, Kelley, Lipinski, Hagopian, Gabinski, Cullerton, Pucinski, Oberman, Axelrod.

Call to Order.

On Tuesday, July 14, 1981 at 10:00 A.M. (the day and hour appointed for the meeting) Alderman Edward R. Vrdolyak, President Pro Tem. called the City Council to order. Walter S. Kozubowski, City Clerk, called the roll of members and it was found that there were present at that time: Aldermen Roti, Barnett, Bloom, Bertrand, Humes, Shaw, Vrdolyak, Huels, Madrzyk, Burke, Brady, Barden, Streeter, Kellam, Sheahan, Sherman, Stemberk, Shumpert, Marzullo, Nardulli, Ray, Carothers, Davis, Kuta, Mell, Frost, Marcin, Farina, Casey, Laurino, Rittenberg, Natarus, Merlo, Clewis, Schulter, Volini, Orr, Stone—38.

Quorum present.

On motion of Alderman Madrzyk, it was ordered noted in the record that Alderman Majerczyk was absent due to illness.

Recess Taken.

Thereupon Alderman Frost moved that the City Council do *Recess* until 11:00 A.M. Thursday, July 16, 1981. The motion to recess *Prevailed* and the City Council *Stood in Recess*.

Reassembling of City Council after Recess.

The City Council reassembled at 11:00 A.M., Thursday, July 16, 1981 and Honorable Jane M. Byrne, Mayor, presiding, called the City Council to order.

Walter S. Kozubowski, City Clerk, called the roll of members and it was found that there were present at that time: Aldermen Roti, Barnett, Evans, Bloom, Bertrand, Humes, Shaw, Huels, Madrzyk, Burke, Brady, Streeter, Kellam, Stemberk, Lipinski, Shumpert, Marzullo, Nardulli, Ray, Carothers, Davis, Hagopian, Kuta, Mell, Frost, Marcin, Farina, Casey, Cullerton, Laurino, Rittenberg, Pucinski, Natarus, Merlo, Clewis, Schulter, Volini, Orr, Stone—39.

Quorum present.

On motions of Aldermen Bertrand and Madrzyk, respectively, it was ordered noted in the Journal that Aldermen Sawyer and Majerczyk were absent due to illness.

Invocation.

Alderman Eugene Ray, 27th Ward, opened the meeting with prayer.

REPORTS AND COMMUNICATIONS FROM CITY OFFICERS.

None.

REPORTS OF COMMITTEES.

Committee reports were submitted as indicated below. *No request under the statute was made by any two aldermen present to defer any of said reports for final action thereon, to the next regular meeting of the Council, except where otherwise indicated.*

COMMITTEE ON FINANCE.

Action Deferred—ON PROPOSED ORDINANCE AMENDING MUNICIPAL CODE BY ADDING CHAPTER 200.5 IMPOSING "CHICAGO SERVICE TAX".

The Committee on Finance submitted the following report, which was, on motion of Alderman Frost and Alderman Marzullo, *Deferred* and ordered published:

CHICAGO, July 16, 1981.

To the President and Members of the City Council:

Your Committee on Finance, to which was referred a communication from the Office of the Mayor transmitting a proposed ordinance amending the Municipal Code of Chicago by adding Chapter 200.5 imposing a "Chicago Service Tax" having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,
(Signed) WILSON FROST,
Chairman.

The proposed ordinance transmitted with the foregoing committee report reads as follows:

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

Section 1. Chapter 200.5 is added to the Municipal Code of Chicago to read in Italics as follows:

Chapter 200.5. Chicago Service Tax

Section 200.5-1. This Chapter shall be known and may be cited as the Chicago Service Tax. The tax herein imposed is in addition to all other taxes imposed by the City of Chicago, State of Illinois, or by any other municipal corporation or political subdivision thereof.

Section 200.5-2. For the purposes of this Chapter, when any of the following words or terms are used herein they shall have the meaning or construction ascribed to them in this Section:

"Sale" means any provision of a service to a purchaser for a valuable consideration, but shall not include provision of a service by an employee to an employer.

"Purchase" means any acquisition or receipt of a service (other than the provision of service by an employee to an employer) for a valuable consideration.

"Purchaser" means any person who, through a purchase acquires or receives a service for a valuable consideration.

"Selling price", "purchase price" or the "amount of sale" means the consideration for a sale or purchase valued in money whether received in money or otherwise, including cash, credits, property, other than as hereinafter provided, and services, determined without any deduction on account of the cost of the service sold, the cost of materials used labor or service cost or any other expense whatsoever, and shall include consideration for the retail sale or purchase of tangible personal property incidental to such sale or purchase of service except to the extent such consideration constitutes cost price taxable under the City of Chicago Municipal Service Occupation Tax or selling price taxable under the Chicago Sales Tax imposed under Chapter 200.6 of the Municipal Code of Chicago, but shall not include charges that are added to the price by the seller on account of the tax liability under

this Chapter or on account of a tax liability imposed under any other Chapter or any law of the State of Illinois upon or in connection with such sale or purchase, and shall not include consideration for the sale or purchase of services incidental to the sale of tangible personal property to the extent such consideration constitutes selling price taxable under the Chicago Sales Tax imposed under Chapter 200.6 of the Municipal Code of Chicago.

"Receipts" from sales of service with respect to any period of time means the aggregate purchase price, selling price or amount of sale, as hereinbefore defined, received by a seller during such period of time. In the case of charge and time sales, receipts include consideration only as and when payments are received by the seller.

"Seller" means any person who, through a sale, provides service for a valuable consideration.

"Tax collector" means a seller in the business of selling service in the City as provided in Section 200.5-5.

"City" means the City of Chicago, Illinois.

"Department" means the Department of Finance of the City.

"Director" means the City Comptroller.

"Person" means any natural individual, firm, society, foundation, institution, partnership, association, joint stock company, joint adventure, public or private corporation, or a receiver, executor, trustee, conservator or other representative appointed by order of any court.

Section 200.5-3. Except as provided in Section 200.5-4, a tax is imposed upon each purchaser who purchases service in the City after July 31, 1981, at the rate of 1% of the purchase price of such service. A purchase of service is in the City if either (a) the purchaser is in the City at the time the service is provided, or (b) the seller is in the City at the time the service is provided, and (c) the service is substantially performed, rendered, provided, received or used in the City. A service shall be deemed substantially performed, rendered or provided in the City if 50% or more of the work performed or of the cost incurred by the seller in connection therewith occurs within the City; a service shall be deemed substantially received or used in the City if 50% of the benefits thereof are realized by the purchaser in the City. The tax imposed hereunder and the obligation to pay the same is upon the purchaser. The tax shall be collected from the purchaser by the seller and remitted to the City as provided herein. The seller shall be liable to the City for the amount of tax he is required to collect. The failure of the seller to collect the tax shall not excuse or release the purchaser from his obligation to pay the tax.

If any seller collects an amount (however designated) which purports to constitute taxes measured by receipts which are not subject to such tax, or if any seller in collecting an amount (however designated) which purports to constitute taxes measured by receipts which are subject to tax under this Chapter, collects more from the purchaser than the actual tax liability on the transaction, the purchaser shall have a legal right to claim a refund of such amount from such seller. However, if such amount is not refunded to the purchaser for any reason, the seller is liable to pay such amount to the Department. This paragraph does not apply to an amount collected by the seller on receipts which are subject to tax under this Chapter as long as such collection is made in compliance with the tax collection brackets prescribed by the Department in its rules and regulations.

Section 200.5-4. The following transactions shall not be subject to the tax imposed by this Chapter:

(a) purchases of service in interstate commerce or which otherwise may not, under the Constitution or statutes of the United States or the Constitution or laws of the State of Illinois, be made the subject of taxation by the City;

(b) purchases of service by (i) any governmental body or (ii) any person organized and operated exclusively for charitable, religious or educational purposes;

(c) purchases of service from any governmental body or from persons organized and operated exclusively for religious or educational purposes; and

(d) purchases of service from sellers of services who are persons authorized to be taxed pursuant to Section 8-11-2 of the Illinois Municipal Code.

Provided that the foregoing service tax shall not apply to the commodity or security business and no transaction tax shall, for a period of ten years from the effective date of this ordinance, be imposed upon any transaction upon a futures exchange designated by the Commodity Futures Trading Commission or a securities exchange regulated by the Securities and Exchange Commission.

Section 200.5-5. Each person engaged in the business of selling service in the City which subjects the purchaser to the tax imposed hereunder shall obtain a certificate of registration as a service tax collector from the Department no later than 30 days after commencing such business or 30 days after the effective date of this Chapter, whichever occurs later.

The isolated or occasional sale of service by a person who does not hold himself out as being engaged (or who does not habitually engage) in selling such service does not constitute engaging in a business of selling such service within the meaning of this Chapter.

A person whose activities are organized and conducted primarily as a not-for-profit service enterprise, and who engages in selling service (whether to the public or merely to members and their guests) is engaged in the business of selling service with respect to such transactions, excepting only a person organized and operated exclusively for charitable, religious or educational purposes either (1), to the extent of sales by such person to its members, students, patients or inmates of service to be used primarily for the charitable, religious or educational purposes of such person, or (2), to the extent of sales by such person of services which are not sold or offered for sale by persons organized and operated for other purposes. The provisions of this paragraph shall not apply to occasional socials or similar activities of a person organized and operated exclusively for charitable, religious or educational purposes, whether or not such activities are open to the public.

Application for a certificate of registration shall be made to the Department upon forms furnished by it. Each such application shall be signed and verified by the applicant or a properly accredited agent, which in the case of a corporation shall include the president, any vice president, the secretary or treasurer or some other properly accredited agent and shall state: (1) The name of the applicant; (2) his residence address and the address of his principal place of business; (3) the address of the principal place of business from which he engages in the business of selling service in this City and the addresses of all other places of business, if any (enumerating such addresses, if any, in a separate list attached *to and made a part of the application), from which he engages in the business of selling service in this City; (4) the applicant's adjusted gross income as last reported to the Illinois Department of Revenue; (5) the applicant's estimated receipts from sales of service for the current calendar year; and (6) such other information as the Department may reasonably require.*

Every applicant for a certificate of registration hereunder shall, within 30 days after he commences to engage in the business of selling service, furnish a bond from a surety company authorized to do business in the State of Illinois, or a bond signed by 2 personal sureties who have filed with the Department sworn statements disclosing net assets equal to at least 3 times the amount of the bond to be required of such applicant or a bond secured by an assignment of a bank account or certificate of deposit, stocks or bonds, conditioned upon the applicant paying to the City all moneys becoming due under this Chapter. The Department shall fix the amount of such security in each case, taking into consideration the amount of money expected to become due from the applicant under this Chapter. The amount of security required by the Department shall be such as, in its opinion, will protect the City against failure to pay the amount which may become due from the applicant under this Chapter, but the amount of the security required by the Department shall not exceed three times the amount of the applicant's average monthly tax collection and remission liability, or $50,000.00, whichever amount is lower. No certificate of registration under this Chapter shall be issued by the Department until the applicant provides the Department with satisfactory security as herein provided for. The Department may waive the furnishing of a bond until January 1, 1982.

Upon receipt of the application for a certificate of registration in proper form, and upon approval by the Department of the security furnished by the applicant, the Department shall issue to such applicant a certificate of registration.

If the person so registered states that he operates other places of business from which he engages in the business of selling service in this City, the Department shall furnish him with a sub-certificate of registration for each such place of business. All sub-certificates of registration shall bear the same registration number as that appearing upon the certificate of registration to which such sub-certificates relate.

Where the same person engages in 2 or more businesses of selling service in this City, which businesses are substantially different in character or engaged in under different trade names or engaged in under other substantially dissimilar circumstances (so that it is more practicable, from an accounting, auditing or bookkeeping standpoint, for such business to be separately registered), the Department may require or permit such person (subject to the same requirements concerning the furnishing of security as those that are provided for hereinbefore in this Section as to each application for a certificate of registration) to apply for and obtain a separate certificate of registration for each such business or for any of such businesses, under a single certificate of registration supplemented by related sub-certificates of registration.

With respect to security other than bonds (upon which the Department may sue in the event of a forfeiture), if the tax collector fails to pay, when due, any amount whose payment such security guarantees, the Department shall, after such liability is admitted by the tax collector or established by the Department through the issuance of a final assessment that has become final under the law, convert the security which that tax collector has furnished into money for the City after first giving the tax collector at least 10 days' written notice, by registered or certified mail, to pay the liability or forfeit such security to the Department. If the security consists of stocks or bonds or other securities which are listed on a public exchange, the Department shall sell such securities through such public exchanges. If the security consists of a bank certificate of deposit, the Department shall convert the security into money by demanding and collecting the amount of such bank certificate of deposit from the bank which is ued such certificate. If the security consists of a type of stocks or other securities which are not listed on a public exchange, the Department shall sell such security to the highest and best bidder after giving at least 10 days' notice of the date, time and place of the intended sale by publication in a daily newspaper of general circulation in the City. If the Department realizes more than the amount of such liability from the security, plus the expenses incurred by the Department in converting the security into money, the Department shall pay such excess to the tax collector who furnished such security and the balance shall be paid into the Corporate Fund of the City.

Section 200.5-6. Except as provided in this Section, on or before the last day of each calendar month, every person engaged in the business of selling service in this City during the preceding calendar month shall file a return with the Department, stating:

1. The name of the seller;

2. His residence address and the address of his principal place of business and the address of the principal place of business (if that is a different address) from which he engages in the business of selling service in this City;

3. Total amount of receipts received by him during the preceding calendar month from sales of service by him during such preceding calendar month;

4. Total amount received by him during the preceding calendar month on charge and time sales of service by him prior to the month for which the return is filed;

5. Deductions allowed by law;

6. Receipts which were received by him during the preceding calendar month and upon the basis of which the tax upon purchasers from him is imposed;

7. The amount of tax due;

8. The amount of penalty due, if any; and

9. Such other reasonable information as the Department may require.

If the seller's average monthly liability to the Department does not exceed $1,000, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February and March of a given year being due by April 30 of such year; with the return for April, May and June of a given year being due by July 31 of such year; with the return for July, August and September of a given year being due by October 31 of such year and with the return for October, November and December of a given year being due by January 31 of the following year.

If the seller's average monthly liability with the Department does not exceed $250, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 31 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Chapter concerning the time within which a seller may file his return, in the case of any seller who ceases to engage in a kind of business which makes him responsible for filing returns under this Chapter, such seller shall file a final return under this Chapter with the Department not more than one month after discontinuing such business.

Where the same person has more than one business registered with the Department under separate registrations under this Chapter, such person may not file each return that is due as a single return covering all such registered businesses but shall file separate returns for each such registered business.

Refunds to purchasers made by the seller during the preceding return period shall be allowed as a deduction under subdivision 5, in case the seller had theretofore included the receipts from the sale of such services in a return filed by him and had remitted the tax imposed by this Chapter with respect to such receipts.

Where the seller is a corporation, the return filed on behalf of such corporation shall be signed by the president, vice-president, secretary or treasurer or by the properly accredited agent of such corporation.

Except as provided in this Section, the seller filing the return under this Section shall, at the time of filing such return, pay to the Department the amount of tax imposed by this Chapter less a discount of 2% or $5 per calendar year, whichever is greater, which is allowed to reimburse the seller for the expenses incurred in collecting the tax, keeping records, preparing and filing returns remitting the tax and supplying data to the Department on request.

If the tax collector's average monthly liability to the Department under this Chapter exceeded $5,000 during the preceding 4 complete calendar quarters and the tax collector is not required to make quarter monthly payments under this Section, he shall file a return with the Department for each month by the end of the month during which such liability is incurred. If the Director finds that the information required for the making of an accurate return cannot reasonably be compiled by a tax collector by the end of the current calendar month for which a return is to be made, he may grant, for a period of one calendar quarter, a continuing one month extension of time for the filing of such returns. The granting of such an extension may be conditioned upon the deposit by a tax collector with the Department of an amount of money not exceeding the average monthly liability of the tax collector to the Department for the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability in such 4 quarter period). Once applicable the requirement of the deposit shall continue until the tax collector's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $4,500, or until the tax collector's average monthly liability to the Department as computed for each calendar quarter of the preceding 4 complete calendar quarter period is less than $5,000.

All such deposits shall be credited against the tax collector's liabilities under this Chapter.

If the tax collector's average monthly liability to the Department under this Chapter was $25,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the end of the month next following the month during which such liability is incurred and shall make payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred in an amount equal to 1/4 of the tax collector's actual liability for the month or an amount set by the Department not to exceed 1/4 of the average monthly liability of the tax collector to the Department for the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability in such 4 quarter period). The amount of such quarter monthly payments shall be credited against the final tax liability on the tax collector's return for that month. Once applicable, the requirement of the making of quarter monthly payments to the Department shall continue until such tax collector's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $9,000, or until such tax collector's average monthly liability to the Department as computed for each calendar quarter period is less than $10,000. If any such quarter monthly payment is not paid at the time or in the amount required by this Section, then the 2% tax collector's discount shall be reduced by 2% of the difference between the minimum amount due as a payment and the amount of such quarter monthly payment actually and timely paid, except insofar as the tax collector has previously made payments for that month to the Department in excess of the minimum payments previously due as provided in this Section. The Department shall make reasonable rules and regulations to govern the quarter monthly payment amount and quarter monthly payment dates for tax collectors who file on other than a calendar monthly basis.

Notwithstanding the foregoing provisions of this Section, for the first 12 month period this tax is in effect the Department may estimate what the amount of liability from any tax collector would have been for prior periods if the tax hereunder had been in effect for such periods and direct the frequency of remittance of the tax and filing of returns in accordance with the provisions of this Section on the basis of such estimates.

If any such payment or deposit provided for in this Section exceeds the tax collector's present and probable future liabilities under this Chapter, the Department may issue to the taxpayer a credit memorandum, which may be submitted by the tax collector to the Department in payment of liability subsequently to be remitted by the tax collector to the Department or be assigned by the tax collector to a similar tax collector under this Chapter in accordance with reasonable rules and regulations to be prescribed by the Department.

Any deposit previously made by a tax collector who is required to make quarter monthly payments under this Chapter shall be applied against the tax collector's liability to the Department under this Chapter for the month preceding the first month in which the tax collector is required to make such quarterly monthly payments. If the deposit exceeds that liability, the Department may issue the tax collector a credit memorandum for the excess.

The money received by the Department under the provisions of this Chapter shall be deposited in the Corporate Fund of the City.

The tax collector shall prepare and file with the Department on a form prescribed by the Department within 90 days after the close of his fiscal year an annual information return for such fiscal year. Such annual return to the Department shall include a statement of receipts as shown by the seller's last State income tax return. If the total receipts of the business as reported in the State income tax return do not *agree with the receipts reported to the Department for the same period, the seller shall attach to his annual return a schedule showing a reconciliation of the 2 amounts and the reasons for the difference. The seller's annual return to the Department shall also disclose any additional reasonable information which the Department deems would be helpful in determining the accuracy of the quarter-monthly, monthly, quarterly or annual returns filed by such seller as provided for in this Section. The provisions of this Secton concernng the filng of an annual information return do not apply to a seller who is not required to file an income tax return with the United States Government.*

If the annual information return required by this Section is not filed when and as required, the tax collector shall be liable for a penalty equal to 1/6 of 1% of the amount due from such tax collector under this Chapter during the period to be covered by the annual return for each month or fraction of a month until such return is filed as required, the penalty to be assessed and collected in the same manner as any other penalty provided for in this Chapter.

The chief executive officer, proprietor, owner or highest ranking manager shall sign any return required to be filed under this Section to certify the accuracy of the information contained therein. Any person who willfully signs any such return containing false or inaccurate information shall be guilty of a violation of this Chapter and punished accordingly. The return forms prescribed by the Department shall include a warning that the person signing such return may be liable for a penalty as provided by this Chapter.

Any person engaged in the business of selling service as a concessionaire or other type of seller at art shows, flea markets and similar exhibitions or events, may be required to make a daily report of the amount of such sales to the Department and to make a daily payment of the full amount of tax due. The Department shall impose this requirement when it finds that there is a significant risk of loss of revenue to the City at such an exhibition or event. Such a finding shall be based on evidence that a substantial number of concessionaires or other sellers who are not residents of Chicago will be engaging in the business of selling service at the exhibition or event, or other evidence of a signficant risk of loss of revenue to the City. The Department shall notify concessionaires and other sellers affected by the imposition of this requirement. In the absence of notification by the Department, the concessionaires and other sellers shall file their returns as otherwise required in this Section.

Section 200.5-7. In case any person engaged in the business of selling service fails to file a return when and as herein required, but thereafter, prior to the Department's issuance of a notice of tax liability under this Section, files a return and pays the tax, he shall also pay a penalty of 5% of the amount of the tax.

In case any person engaged in the business of sellng service files the return at the time required by this Chapter but fails to pay the tax, or any part thereof, when due, a penalty of 5% of the amount of the tax unpaid when due shall be added thereto.

In case any person engaged in the business of selling service fails to file a return when and as herein required, but thereafter, prior to the Department's issuance of a notice of tax liability under this Section, files a return but fails to pay the entire tax, a penalty of 5% of the full amount of tax shown by such return shall be added thereto.

In case any person engaged in the business of selling a service fails to file a return, the Department shall determine the amount of tax due from him according to its best judgment and information, which amount so fixed by the Department shall be prima facie correct and shall be prima facie evidence of the correctness of the amount of tax due, as shown in such determination. In making any such determination of tax due, it shall be permissible for the Department to show a figure that represents the tax due for any given period of 6 months instead of showing the amount of tax due for each month separately. Proof of such determination by the Department may be made at any hearing before the Department or in any legal proceeding by a reproduced copy of the Department's record relating thereto in the name of the Department under the certificate of the Director. Such reproduced copy shall, without further proof, be admitted into evidence before the Department or in any legal proceeding and shall be prima facie proof of the correctness of the amount of tax due, as shown therein. The Department shall issue the tax collector a notice of tax liability for the amount of tax claimed by the Department to be due, together with a penalty of 20% thereof.

However, where the failure to file any tax return required under this Chapter on the date prescribed therefor (including any extensions thereof), is due to reasonable cause the penalties imposed by this Chapter shall not apply.

In case of failure to pay the tax, or any portion thereof, or any penalty provided for in this Chapter, or interest, when due, the Department may bring suit against the tax collector or the purchaser to recover the amount of such tax or portion thereof, or penalty or interest; or, if the tax collector or purchaser has died or become incompetent, may file a claim therefor against his estate; provided that no such suit with respect to any tax, or portion thereof or penalty, or interest shall be instituted more than 2 years after the date any proceedings in court for review thereof have terminated or the time for the filing of such proceedings has expired without such proceedings being instituted, except with the consent of the person from whom such tax or penalty or interest is due; nor, except with such consent, shall such suit be instituted more than 2 years after the date any return is filed with the Department in cases where the return constitutes the basis for the suit for unpaid tax, or portion thereof, or penalty provided for in this Chapter, or interest; provided that the time limitation period on the Department's right to bring any such suit shall not run during any period of time in which the order of any court has the effect of enjoining or restraining the Department from bringing such suit.

The collection of tax or penalty or interest by any means provided for herein shall not be a bar to any prosecution under this Chapter.

In addition to any penalty provided for in this Chapter any amount of tax which is not paid when due shall bear interest at the rate of 2% per month or fraction thereof from the date when such tax becomes past due until such tax is paid or a judgment therefor is obtained by the Department; provided, however, that if the time for making or completing an audit of a tax collector's books and records is extended with the tax collector's consent, at the request of and for the convenience of the Department, beyond the date on which the statute of limitations upon the issuance of a notice of tax liability by the Department otherwise would run, no interest shall accrue during the period of such extension.

Section 200.5-8. Every person engaged in the business of selling service in this City shall keep records and books of all sales of service, together with invoices, sales records, copies of bills of sale, inventories prepared as of December 31 of each year or otherwise annually as has been the custom in the specific trade and other pertinent *papers and documents. Every person who is engaged in the business of selling service in this City and who, in connection with such business, also engages in other activities (including, but not limited to, engaging in a sales of goods occupation) shall keep such additional records and books of all such activities as will accurately reflect the character and scope of such activities and the amount of receipts realized therefrom.*

All books and records and other papers and documents which are required by the Chapter to be kept shall be kept in the English language and shall, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees.

To support deductions made on the tax return form, or authorized under this Chapter, on account of receipts from isolated or occasional sales of service, on account of receipts from sales to governmental bodies or other exempted types of purchasers, on account of receipts from purchases of service in interstate commerce, and on account of receipts from any other kind of transaction that is not taxable under this Chapter, entries in any books, records or other pertinent papers or documents of the tax collector in relation thereto shall be in detail sufficient to show the name and address of the tax collector's customer in each transaction, the character of every such transaction, the date of every such transaction, the amount of receipts realized from every such transaction and such other information as may be necessary to establish the nontaxable character of such transaction under this Chapter.

It shall be presumed that all purchases of service are subject to tax under this Chapter until the contrary is established, and the burden of proving that a transaction is not taxable hereunder shall be upon the person who would be required to pay the tax or remit the tax to the Department if such transaction is taxable. In the course of any audit or investigation or hearing by the Department with reference to a given tax collector or purchaser, if the Department finds that such person lacks documentary evidence needed to support the claim that no tax is due hereunder, the Department is authorized to notify such person in writing to produce such evidence, and such person shall have 60 days subject to the right in the Department to extend this period either on request for good cause shown or on its own motion from the date when such notice is sent by certified or registered mail (or delivered if the notice is served personally) in which to obtain and produce such evidence for the Department's inspection, failing which the matter shall be closed, and the transaction shall be conclusively presumed to be taxable hereunder.

Books and records and other papers reflecting receipts received during any period with respect to which the Department is authorized to issue notices of tax liability as provided by Sections 200.5-7 and 200.5-8 of this Chapter shall be preserved until the expiration of such period unless the Department, in writing, shall authorize their destruction or disposal prior to such expiration.

Section 200.5-9. It shall be the duty of the Department to collect and receive the tax imposed by this Chapter. The Department shall keep an accurate and separate account of all such tax payments received by it showing the name and address of the person remitting the tax and the date of each payment. The Director is hereby empowered to adopt and promulgate, and to enforce, rules and regulations relating to any matter or thing pertaining to the administration and enforcement of the provisions of the Chapter, including provisions for re-examination, correction and amendment of all returns. The Director, or any agent or employee designated in writing by him, is hereby authorized to examine the books, papers and records of any tax collector during regular business hours, in order to verify the accuracy of any return made, or if no return was made, to ascertain the tax imposed by this Chapter.

Section 200.5-10. A. Whenever it appears to a person paying or remitting the tax that an amount of tax, interest or penalty has been paid in error to the Department by him, whether such amount be paid through a mistake of fact or an error of law, not later than three (3) years from the date upon which such payment was made, such person may file a claim for credit or refund with the Department on forms provided by said Department for that purpose.

B. Any credit or refund that is allowed under this Section shall bear interest at the rate of one-half of one percent (½%) per month, or any fraction thereof, from the date when the erroneous payment for which credit or refund is being allowed was made to the Department, until a credit memorandum is issued or a refund is paid.

C. A claim for credit or refund shall be considered to have been filed with the Department on the date upon which it is received by the Department, and receipt of any claim for credit filed under this Section shall be acknowledged by the Director or any designated person on his behalf, said receipt to describe the claim in sufficient detail as to identify it, and to state the date upon which the claim was received by the Department.

D. As soon as practicable after a claim for credit or refund is filed, the Director, or his designate, shall examine the same and determine the amount of credit or refund due, if any, and shall issue a Notice of Tentative Determination of Claim and notify the claimant of such determination. If the claimant disagrees with the determination, he shall file a protest and challenge thereto within 20 days after the date of Notice of Tentative Determination of Claim has been mailed to him. Upon receipt of such protest within the 20 days allowed, the Director, or his designate, shall fix the time and place for a hearing thereon, giving notice to the claimant thereof, not less than 7 days prior thereto. At any hearing held as herein provided, the Tentative Determination of Claim shall be prima facie correct and the burden shall be upon the claimant to prove that it is incorrect. Upon the conclusion of the hearing, a decision shall be made by the Director and notice thereof given to the claimant. In the event no protest or challenge to the Tentative Determination of Claim is filed within the 20 day period hereinabove set forth, said notice shall thereafter become and operate as a final determination.

E. The Director may in his discretion issue a letter of credit to a claimant who may be able to use said credit in the foreseeable future, or a refund certificate in lieu of a credit memorandum on application by a person who cannot use said credit, or sell or assign the same. Refund certificates shall be numbered serially as they are issued and shall be paid in the order of their issuance from funds that are appropriated to the Department for that purpose.

Section 200.5-11. A. If it shall appear to the Director that any person has violated any provision of this Chapter or any rule or regulation promulgated hereunder, or if the amount of any tax payment is incorrect in that it does not include all taxes payable for such calendar quarter or period, or if the Director shall find that the *collection of any taxes which have accrued but are not yet due will be jeopardized by delay, and declares said taxes to be immediately due and payable, or if it shall appear to the Director that he has made any final assessment which did not include taxes payable for the periods involved, or if it appears to the Director that any person has, by reason of any act or omission or by operation of law, become liable for the payment of any taxes, interest or penalties not originally incurred by him, the Director may in any of the above events determine and assess the amount of such taxes or deficiency, as the case may be, together with the interest and penalties due and unpaid, and immediately serve notice upon such person of such determination and assessment and make a demand for payment of the tax together with interest and penalties thereon. If the person incurring any such liability has died, such assessment may at the discretion of the Director be made against his personal representative. Such determination and assessment by the Director shall be final at the expiration of 20 days from the date of the service of such written notice thereof and demand for payment, unless such person shall have filed with the Director a written protest and a petition for a hearing, specifying its objections thereto. Upon the receipt of such petition within the 20 days allowed, the Director shall fix the time and place for a hearing and shall notify the petitioner thereof. The Director may amend his determination and assessment at any time before it becomes final. In the event of such amendment the person affected shall be given notice thereof and an opportunity to be heard in connection therewith. At any hearing held as herein provided, the determination and assessment that has been made by the Director shall be prima facie correct and the burden shall be upon the protesting person to prove that it is incorrect. Upon the conclusion of such hearing a decision shall be made by the Director either canceling, increasing, modifying or affirming such determination or assessment and notice thereof given to the petitioner. Such notice shall contain a statement by the Director of the cost of the certification of the record computed at the rate of 5 cents per 100 words, which cost shall be charged to the petitioner if the determination or assessment is affirmed. The record shall consist of the notices and demands caused to be served by the Director, the original determination and assessment of the Director, the written protest and petition for hearing, the testimony introduced at such hearing, the exhibits produced at such hearing, or certified copies thereof, the decisions of the Director and such other documents in the nature of pleadings filed in the proceeding.*

B. Whenever any person shall fail to pay any tax as herein provided, the Corporation Counsel shall, upon the request of the Department, bring or cause to be brought an action to enforce the payment of said tax on behalf of the City of Chicago in any court of competent jurisdiction.

C. If the Mayor, after hearings held by or for him, shall find that any person has willfully evaded payment or collection and remittance of the tax imposed by this Chapter, he may suspend or revoke all city licenses held by such tax evader. Said person shall have an opportunity to be heard at such hearing to be held not less than 7 days after notice is given to him of the time and place of the hearing to be held, addressed to him at his last known place of business. Pending notice, hearing and finding, any license issued by the City of Chicago possessed by said person may be temporarily suspended. Any suspension or revocation of any license shall not release or discharge said person from his civil liability for the payment or collection and remittance of the tax, nor from prosecution for such offense.

Section 200.5-12. For the purpose of administering and enforcing the provisions of this Chapter, the Department, or any officer or employee of the Department designated, in writing, by the Director thereof, may hold investigations and hearings concerning any matters covered by this Chapter and may examine any books, papers, records or memoranda bearing upon the sales or purchases of services of any such person, and may require the attendance of such person or any officer or employee of such person, or of any person having knowledge of such business, and may take testimony and require proof for its information. In the conduct of any investigation or hearing, neither the Department nor any officer or employee thereof shall be bound by the technical rules of evidence, and no informality in any proceeding, or in the manner of taking testimony, shall invalidate any order, decision, rule or regulation made or approved or confirmed by the Department. The Director, or any officer or employee of the Department authorized by the Director thereof, shall have power to administer oaths to such persons. The books, papers, records and memoranda of the Department, or parts thereof, may be proved in any hearing, investigation, or legal proceeding by a reproduced copy thereof under the certificate of the Director. Such reproduced copy shall, without further proof, be admitted into evidence before the Department or in any legal proceeding.

Section 200.5-13. No person shall be excused from testifying or from producing any books, papers, records or memoranda in any investigation or upon any hearing, when ordered to do so by the Department or any officer or employee thereof, upon the ground that the testimony or evidence, documentary or otherwise, may tend to incriminate him or subject him to a criminal penalty, but no person shall be prosecuted or subjected to any criminal penalty, for or on account of, any transaction made or thing concerning which he may testify or produce evidence, documentary or otherwise, before the Department or an officer or employee thereof; provided, that such immunity shall extend only to a natural person who, in obedience to a subpoena, gives testimony under oath or produces evidence, documentary or otherwise, under oath. No person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying.

Section 200.5-14. The Department or any officer or employee of the Department designated, in writing, by the Director, shall at its or his own instance, or on the written request of any other party to the proceeding, issue subpoenas requiring the attendance of and the giving of testimony by witnesses, and subpoenas duces tecum requiring the production of books, papers, records or memoranda. All subpoenas and subpoenas duces tecum issued under the terms of this Chapter may be served by any person of full age. The fees of witnesses for attendance and travel shall be the same as the fees of witnesses before the circuit court of this State; such fees to be paid when the witness is excused from further attendance. When the witness is subpoenaed at the instance of the Department or any officer or employee thereof, such fees shall be paid in the same manner as other expenses of the Department and when the witness is subpoenaed at the instance of any other party to any such proceeding the Department may require that the cost of service of the subpoena or subpoena duces tecum and the fee of the witness be borne by the party at whose instance the witness is summoned. In such case, the Department, in its discretion, may require a deposit to cover the cost of such service and witness fees. A subpoena or subpoena duces tecum issued as aforesaid shall be served in the same manner as a subpoena issued out of a court.

Any circuit court of this State, or any judge thereof, upon the application of the department or any officer or employee thereof, or upon the application of any other party to the proceeding, may, in its or his discretion, compel the attendance of witnesses, the production of books, papers, records or memoranda and the giving of testimony before the Department or any officer or employee thereof conducting an investigation or holding a hearing authorized by this Chapter, by an attachment for contempt, or otherwise, in the same manner as production of evidence may be compelled before said court.

The Department or any officer or employee thereof, or any other party in an investigation or hearing before the Department, may cause the depositions of witnesses to be taken in the manner prescribed by law for like depositions in civil actions in courts of this State, and to that end compel the attendance of witnesses and the production of books, papers, records or memoranda.

Section 200.5-15. All information received by the Department from returns filed under this Chapter, or from any investigation conducted under this Chapter, shall be confidential, except for official purposes, and any person who divulges any such information in any manner, except in accordance with a proper judicial order or as otherwise provided by law, shall be punished by a jail sentence not to exceed six months or a fine not to exceed $500, or both.

Nothing in this Chapter prevents the Director from publishing or making available to the public the names and addresses of persons filing returns under this Chapter or reasonable statistics concerning the operation of the tax by grouping the contents of returns so the information in any individual return is not disclosed.

Nothing in this Chapter prevents the Director from divulging to the United States Government or the government of any state, or any officer or agency thereof, for exclusively official purposes, information received by the Department in administering this Chapter, provided that such other governmental agency agrees to divulge requested tax information to the Department.

The Department's furnishing of information derived from a tax collector's return or from an investigation conducted under this Chapter to the surety on a tax collector's bond that has been furnished to the Department under this Chapter, in order to support the Department's demand for payment from such surety under the bond, is an official purpose within the meaning of this Section.

The furnishing upon request of information obtained by the Department from returns filed under this Chapter or investigations conducted under this Chapter to the Liquor Control Commissioner for official use is deemed to be an official purpose within the meaning of this Section.

The furnishing upon request of the City's auditor or his authorized agents, for official use, of returns filed and information related thereto under this Chapter is deemed to be an official purpose within the meaning of this Section.

Section 200.5-16. Whenever notice is required by this Chapter such notice may be given by United States registered or certified mail, addressed to the person concerned at his last known address, and proof of such mailing shall be sufficient for the purposes of this Chapter. Notice of any hearing provided for by this Chapter shall be so given not less than 7 days prior to the day fixed for the hearing. Following the initial contact of a person represented by an attorney, the Department shall not contact the person concerned but shall only contact the attorney representing the person concerned.

All hearings provided for in this Chapter shall be at the Department's office.

Section 200.5-17. Any officer or employee of any corporation subject to the provisions of this Chapter who has the control, supervision or responsibility of filing returns and making payment of the amount of tax herein imposed and who willfully fails to file such return or to make such payment to the Department shall be personally liable for such amounts, including interest and penalties thereon, in the event that after proper proceedings for the collection of such amounts, as provided in said Chapter, such corporation is unable to pay such amounts to the Department; and the personal liability of such officer or employee as provided herein shall survive the dissolution of the corporation.

Section 200.5-18. Any non-resident of the City who accepts the privilege extended by the laws of the City to non-residents of acting as a seller engaged in the business of selling service in the City as provided in Section 200.5-5 of this Chapter and any resident of the City who incurs liability under this Chapter and who subsequently removes from the City or conceals his whereabouts, and any person (resident or non-resident) who incurs tax liability under this Chapter as a purchaser in the City and who removes from the City or conceals his whereabouts, shall be deemed thereby to appoint the City Clerk his agent for the service of process or notice in any judicial or administrative proceeding under this Chapter. Such process or notice shall be served by the Department on the City Clerk by leaving, at the office of the City Clerk at least 15 days before the return day of such process or notice, a true and certified copy thereof, and by sending to the taxpayer or tax collector by registered or certified mail, postage prepaid, a like and true certified copy, with an endorsement thereon of the service upon said City Clerk addressed to such taxpayer or tax collector at his last known address.

Service of process or notice in the manner provided for in this Section, under the circumstances specified in this Section, shall be of the same force and validity as if served upon the taxpayer or tax collector personally within the City. Proof of such service upon the taxpayer or tax collector through the City Clerk as his agent and by mailing to the last known address of the taxpayer or tax collector may be made in such judicial or administrative proceeding by the affidavit of the Director, or by his duly authorized representative who made such service, with a copy of the process or notice that was so served attached to such affidavit.

Section 200.5-19. Any person found guilty of violating, disobeying, omitting, neglecting, or refusing to comply with or resisting or opposing the enforcement of any of the provisions of this Chapter except when otherwise specifically provided, upon conviction thereof shall be punished by a fine of not less than $50.00 nor more than $10,000 for the first offense and not less than $1,000 nor more than $100,000 or 5 times the amount of tax imposed, if any, whichever is higher, for the second and each subsequent offense in any 180-day period provided, however, that all actions seeking the imposition of fines only shall be filed as quasi-criminal actions subject to the provisions of the Illinois Civil Practice Act (Ill. Rev. Stat. 1979, ch. 110, par. 1 et seq.). Repeated offenses in excess of three within any 180-day period may also be punishable as a misdemeanor by incarceration in the county jail for a term not to exceed six months under the procedures set forth in Section 1-2-1.1 of the Illinois Municipal Code (Ill. Rev. Stat. 1979, ch. 24, par. 1-2-1.1) and under the provisions of the Illinois Code of Criminal Procedures (Ill. Rev. Stat. 1979, ch. 38, pars. 100-1 et seq.) in a sep-

arate proceeding. A separate and distinct offense shall be regarded as committed each day upon which said person shall continue any such violation, or permit any such violation to exist after notification thereof.

Section 2. If any provision of this Chapter or application thereof to any person or circumstance is held unconstitutional or otherwise invalid, such invalidity does not affect other provisions or applications of this Chapter which can be given effect without the invalid application or provision, and to this end each such invalid provision or invalid application of this Chapter is severable, unless otherwise provided by this Chapter. In particular, but without limitation, each provision creating an exception to or an exemption or exclusion from the imposition of the tax is severable. It is hereby declared to be the legislative intent of the City Council that this Ordinance would have been adopted had any such unconstitutional or otherwise invalid provision or application not been included.

Section 3. This Chapter takes effect on the first day of the first month after its due passage and publication.

Action Deferred—ON PROPOSED ORDINANCE AMENDING MUNICIPAL CODE BY ADDING CHAPTER 200.6 IMPOSING "CHICAGO SALES TAX".

The Committee on Finance submitted the following report, which was, on motion of Alderman Frost and Alderman Marzullo, *Deferred* and ordered published:

CHICAGO, July 16, 1981.

To the President and Members of the City Council:

Your Committee on Finance, to which was referred a communication from the Office of the Mayor transmitting a proposed ordinance amending the Municipal Code of Chicago by adding Chapter 200.6 imposing a "Chicago Sales Tax" having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,
(Signed) WILSON FROST,
Chairman.

The proposed ordinance transmitted with the foregoing committee report reads as follows:

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

Section 1. Chapter 200.6 is added to the Municipal Code of Chicago to read in Italics as follows:

Chapter 200.6. Chicago Sales Tax

Section 200.6-1. This Chapter shall be known and may be cited as the Chicago Sales Tax. The tax herein imposed is in addition to all other taxes imposed by the City of Chicago, the State of Illinois, or any other municipal corporation or political subdivision thereof.

Section 200.6-2. For the purposes of this Chapter, when any of the following words or terms are used herein they shall have the meaning or construction ascribed to them in this Section:

"Sale at retail" means any transfer of the ownership of or title to tangible personal property to a purchaser, for the purpose of use or consumption, and not for the purpose of resale in any form as tangible personal property to the extent not first subjected to a use for which it was purchased, for a valuable consideration; provided that the property purchased is deemed to be purchased for the purpose of resale despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or by-product of manufacturing. For this purpose, slag produced as an incident to manufacturing pig iron or steel and sold is considered to be an intentionally produced by-product of manufacturing. Transactions whereby the possession of the property is transferred but the seller retains the title as security for payment of the selling price shall be deemed to be sales. "Sale at retail" shall be construed to include any transfer of the ownership of or title to tangible personal property to a purchaser, for use or consumption by any other person to whom such purchaser may transfer the tangible personal property without a valuable consideration, and to include any transfer, whether made for or without a valuable consideration, for resale in any form as tangible personal property unless made in compliance with Section 200.6-7 of this Chapter. Sales of tangible personal property, which property, to the extent not first subjected to a use for which it was purchased, as an ingredient or constituent, goes into and forms a part of tangible personal property subsequently the subject of a "sale at retail", are not sales at retail as defined in this Chapter. "Sale at retail" includes any transfer of ownership of or title to tangible personal property for use or consumption incidental to a "sale of service" which is subject to tax under the City of Chicago Municipal Service Occupation Tax. "Sale at retail" shall also be construed to include any City florist's sales transaction in which a purchase order is received in the City by a florist and the sale is for use or consumption, but the City florist has a florist outside of the City deliver the property to the purchaser or the purchaser's donee outside the City.

"Purchase at retail" means the acquisition of the ownership of or title to tangible personal property through a sale at retail.

"Purchaser" means any person who, through a sale at retail, acquires the ownership of or title to tangible personal property for a valuable consideration.

"Use" means the exercise by any person of any right to or power over tangible personal property incident to the ownership of that property, except that it does not include the sale of such property in any form as tangible personal property in the regular course of business to the extent that such property is not first subjected to a use for which it was purchased, and does not include the use of such property by its owner for sales demonstration purposes; provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or by-product of manufacturing. "Use" does not mean the interim use of tangible personal property by a retailer before he sells such tangible personal property and does not mean the physical incorporation of tangible personal property, to the extent not first subjected to a use for which it was purchased, as an ingredient or constituent, into other tangible personal property (a) which is sold in the regular course of business or (b) which the person incorporating such ingredient or constituent therein has undertaken at the time of such purchase to cause to be transported (i) in interstate commerce to destinations outside the State of Illinois or (ii) to destinations outside the City and within the State of Illinois.

"Selling price" means the consideration for a sale at retail valued in money whether received in money or otherwise, including cash, credits, property, other than as hereinafter provided, and services, but not including the value of or credit given for traded-in tangible personal property where the item that is traded-in is of like kind and character as that which is being sold, and shall be determined without any deduction on account of the cost of the property sold, the cost of materials used, labor or service cost or any other expense whatsoever, but shall not include (a) the proceeds of any mandatory service charge which is separately stated on customers' bills for purchase and consumption of food and beverages, if all of the proceeds of the service charge are in fact turned over to the employees who would normally have received tips had the service charge policy not been introduced or (b) charges that are added to the price by the seller on account of the seller's duty to collect, from the purchaser, the tax imposed upon the purchaser under this Chapter or on account of a tax liability imposed upon the seller or the purchaser under any other ordinance of the City or of any other unit of local government or under any law of the State of Illinois upon or in connection with such sale, purchase or use. "Selling price" shall include consideration for a sale at retail incidental to a sale of service to the extent such consideration constitutes cost price taxable under the City of Chicago Municipal Service Occupation Tax. The phrase "like kind and character" shall be liberally construed (including but not limited to any form of motor vehicle for any form of motor vehicle, or any kind of farm or agricultural implement for any other kind of farm or agricultural implement), while not including a kind of item which, if sold at retail by that retailer, would be exempt from tax hereunder as an isolated or occasional sale.

"Receipts" from sales of tangible personal property at retail with respect to any period of time means the aggregate selling price, as hereinbefore defined, received by a seller during such period of time. In the case of charge and time sales, receipts include consideration only as and when payments are received by the seller.

"Retailer" means every person engaged in the business of making sales at retail as defined in this Section.

"Tax collector" means a "retailer" maintaining a place of business in the City or a retailer authorized by the Department to collect the tax herein imposed pursuant to Section 200.6-5 hereof.

"Retailer maintaining a place of business in the City," or any like term, shall mean and include any retailer:

1. Having or maintaining within the City, directly or by a subsidiary, an office, distribution house, sales house, warehouse or other place of business, or any agent or other representative operating within the City under the authority of the retailer or its subsidiary, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether such retailer or subsidiary is licensed to do business in the City, or

2. Engaging in soliciting orders within the City from users by means of catalogues or other advertising, whether such orders are received or accepted within or without the City.

"City" means the City of Chicago, Illinois.

"Department" means the Department of Finance of the City.

"Director" means the City Comptroller.

"Person" means any natural individual, firm, society, foundation, institution, partnership, association, joint stock company, joint adventure, public or private corporation, or a receiver, executor, trustee, conservator or other representative appointed by order of any court.

"Bulk vending machine" means a nonelectrically operated vending machine, containing unsorted confections, nuts or other merchandise which, when a coin of a denomination not larger than one cent is inserted, are dispensed in equal portions, at random and without selection by the customer.

"Pollution control facilities" means any system, method, construction, device or appliance appurtenant thereto sold or used or intended for the primary purpose of eliminating, preventing, or reducing air or water pollution, as the term "air pollution" or "water pollution" is defined in the "Environmental Protection Act", enacted by the 76th Illinois General Assembly, as amended, or for the primary purpose of treating, pretreating, modifying or disposing of any potential solid, liquid or gaseous pollutant which if released without such treatment, pretreatment, modification or disposal might be harmful, detrimental or offensive to human, plant or animal life, or to property.

"Low sulfur dioxide emission coal fueled device" means any device sold or used or intended for the purpose of burning, combusting or converting locally available coal in a manner which eliminates or significantly reduces the need for additional sulfur dioxide abatement that would otherwise be required under State or Federal air emission standards.

Section 200.6-3. Except as provided in Section 200.6-4, every purchaser of tangible personal property through a sale at retail in the City after July 31, 1981, shall be liable for a tax on the purchase at the rate of 1% of the selling price of such property. Except as provided in Section 200.6-4, every owner or user of tangible personal property purchased through a sale at retail outside the City after July 31, 1981, shall be liable for a tax on the privilege of using such property in the City at the rate of 1% of the selling price of such property. Evidence that tangible personal property was sold by any person for delivery to a person residing or engaged in business in the City shall be prima facie evidence that such tangible personal property was sold for use in the City.

If the property that is purchased at retail from retailer is acquired outside the City and used outside the City before being brought to the City for use here and is nevertheless taxable hereunder, however, the "selling price" on which the tax is computed shall be reduced by an amount which represents a reasonable allowance for depreciation for the period of such prior out-of-City use.

The tax imposed hereunder and the obligation to pay the same is upon the purchaser. The tax imposed hereunder shall be collected from the purchaser by the tax collector, as defined in Section 200.6-2 hereof, and remitted to the Department as provided herein. The tax collector shall be liable to the City for the amount of tax he is required to collect. Retailers shall collect the tax from the purchasers by adding the tax to the selling price of tangible personal property, when sold for use, in the manner prescribed by the Department. Wherever possible the tax imposed by this Chapter shall, when collected, be stated as a distinct item separate and apart from the selling price of tangible personal property. The Department may adopt and promulgate reasonable rules and regulations for the adding of such tax by retailers to selling prices by prescribing bracket systems for the purpose of enabling such retailers *to add and collect, as far as practicable, the amount of such tax. The tax hereby imposed and not paid to a retailer pursuant to this section shall be paid to the Department directly by any person purchasing or using such property within the City, pursuant to Section 200.6-8 hereof. If any seller collects an amount (however designated) which purports to constitute taxes measured by receipts which are not subject to such tax, or if any seller, in collecting an amount (however designated) which purports to constitute taxes measured by receipts which are subject to tax under this Chapter, collects more from the purchaser than the actual tax liability on the transaction, the purchaser shall have a legal right to claim a refund of such amount from such seller. However, if such amount is not refunded to the purchaser for any reason, the seller is liable to pay such amount to the Department. This paragraph does not apply to an amount collected by the seller on receipts which are subject to tax under this Chapter as long as such collection is made in compliance with the tax collection brackets prescribed by the Department in its rules and regulations.*

Section 200.6-4. Purchases or uses of tangible personal property under the following circumstances shall not be subject to the tax imposed by this Chapter:

(a) purchase or use of such tangible personal property as newsprint and ink which was sold at retail for the primary purpose of conveying news (with or without other information).

(b) purchase or use of such tangible personal property as (i) pollution control facilities or (ii) low sulfur dioxide emission coal fueled devices.

(c) purchases or uses by any governmental body, or any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes, any not-for-profit corporation, society, association, foundation, institution or organization which has no compensated officers or employees and which is organized and operated primarily for the recreation of persons 55 years of age or older.

(d) purchases or uses of tangible personal property by interstate carriers for-hire as rolling stock moving in interstate commerce or purchases or uses by lessors under leases of one year or longer executed or in effect at the time of purchase to interstate carriers for-hire for use as rolling stock moving in interstate commerce as long as so used by such interstate carriers for-hire.

(e) the use, in this City, of tangible personal property acquired outside this City by a nonresident individual and brought into this City by such individual for his or her own use while temporarily within this City or while passing through this City.

(f) the temporary storage, in this City, of tangible personal property which is acquired outside this City and which, subsequent to being brought into this City and stored here temporarily, is used solely outside this City or physically attached to or incorporated into other tangible personal property that is used solely outside this City, or is altered by converting, fabricating, manufacturing, printing, processing or shaping, and, as altered is used solely outside this City.

(g) the temporary storage in this City of building materials and fixtures which are acquired either in this City or outside this City by an Illinois registered combination retailer and construction contractor, and which such purchaser thereafter uses outside this City by incorporating such property into real estate located outside this City.

(h) the use, in this City, of tangible personal property which is acquired outside this City by a nonresident individual who then brings the property to this City for use here and who has used the property outside this City for at least 3 months before bringing the property to this City.

(i) purchase or use of food for human consumption which is to be consumed off the premises where it is sold (other than alcoholic beverages and food which has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances and insulin, urine testing materials, syringes, and needles used by diabetics, for human use.

(j) where a business that is not operated in the City, but which does operate elsewhere is moved to the City or opens up an office, plant or other business facility in the City, such business shall not be taxed on its use, in the City, of used tangible personal property which such business bought outside the City and used outside the City in the operation of such business for at least 3 months before moving such used property to the City for use here.

"Acquired outside the City", whenever used in this Section, in addition to its usual and popular meaning, includes the delivery, outside the City, of tangible personal property that is purchased in the City and delivered from a point in the City to the point of delivery outside the City.

Section 200.6-5. Every retailer maintaining a place of business in the City shall obtain a certificate of registration as a tax collector from the Department no later than 30 days after commencing such business or 30 days after the effective date of this Chapter, whichever occurs later.

The isolated or occasional sale of tangible personal property at retail by a person who does not hold himself out as being engaged (or who does not habitually engage) in selling such tangible personal property at retail or a sale through a bulk vending machine does not constitute such person a retailer within the meaning of this Ordinance; provided that any person who is engaged in a business which is not subject to the tax collection obligation imposed by this Chapter because of involving the sale of or a contract to sell real estate or a construction contract to improve real estate, but who, in the course of conducting such business transfers tangible personal property to users or consumers in the finished form in which it was purchased, and which does not become real estate, under any provision of a construction contract or real estate sale or real estate sales agreement entered into with some other person arising out of or because of such business which is not subject to such collection obligation is a retailer to the extent of the value of the tangible personal property so transferred. If, in such a transaction, a separate charge is made for the tangible personal property so transferred, the value of such property, for the purpose of this Chapter, shall be the amount so separately charged, but not less than the cost of such property to the transferor; if no separate charge is made, the value of such property, for the purposes of this Chapter, is the cost to the transferor of such tangible personal property.

A person who holds himself out as being engaged (or who habitually engages) in selling tangible personal property at retail is a retailer hereunder with respect to such sales notwithstanding the fact that such person is a serviceman engaging in sales of services for purposes of the City of Chicago Municipal Service Occupation Tax.

Persons who engage in the business of transferring tangible personal property upon the redemption of trading stamps are retailers hereunder and shall collect and pay the tax imposed by this Chapter on the basis of the retail value of the property transferred upon redemption of such stamps.

A person whose activities are organized and conducted primarily as a not-for-profit service enterprise, and who engages in selling tangible personal property at retail (whether to the public or merely to members and their guests) is a retailer with respect to such transactions, excepting only a person organized and operated exclusively for charitable, religious or educational purposes either (1) to the extent of sales by such person to its members, students, patients or inmates of tangible personal property to be used primarily for the purposes of such person, or (2) to the extent of sales by such person of tangible personal property which is not sold or offered for sale by persons organized for profit. The selling of school books and school supplies by schools at retail to students is not "primarily for the purposes of" the school which does such selling. The provisions of this paragraph shall not apply to nor subject to taxation occasional dinners, socials or similar activities of a person organized and operated exclusively for charitable, religious or educational purposes, whether or not such activities are open to the public.

A person who is the recipient of a grant or contract under Title VII of the Older Americans Act of 1965 (P.L. 92-258) and serves meals to participants in the Federal Nutrition Program for the Elderly in return for contributions established in amount by the individual participant pursuant to a schedule of suggested fees as provided for in the federal Act is not a retailer hereunder with respect to such transactions.

A person who is engaged in the business of leasing or renting motor vehicles to others and who, in connection with such business sells any used motor vehicle to a purchaser for his use and not for the purpose of resale, is a retailer engaged in the business of selling tangible personal property at retail under this Chapter to the extent of the value of the vehicle sold. For the purpose of this Section, "motor vehicle" has the meaning prescribed in Section 1-157 of The Illinois Vehicle Code, as now or hereafter amended. (Nothing provided herein shall affect liability incurred under this Chapter because of the sale at retail of such motor vehicle to a lessor.)

Application for a certificate of registration shall be made to the Department upon forms furnished by it. Each such application shall be signed and verified by the applicant or a properly accredited agent, which in the case of a corporation shall include the president, any vice president, the secretary or treasurer or some other properly accredited agent and shall state: (1) The name of the applicant; (2) his residence address and the address of his principal place of business; (3) the address of the principal place of business from which he engages in the business of selling tangible personal property at retail in the City and the addresses of all other places of business, if any (enumerating such addresses, if any, in a separate list attached to and made a part of the application) from which he engages in the business of selling tangible personal property at retail in the City; (4) the applicant's adjusted gross income as last reported to the Illinois Department of Revenue; (5) the applicant's estimated receipts from sales of tangible personal property at retail in the City for the current calendar year; and (6) such other information as the Department may reasonably require. If the applicant will sell tangible personal property at retail through vending machines, his application to register shall indicate the number of vending machines to be so operated; and thereafter, he shall notify the Department by January 31 of the number of vending machines which such person was using in his business of selling tangible personal property at retail on the preceding December 31.

Every applicant for a certificate of registration hereinunder shall, within 30 days after he commences to engage in the business of selling tangible personal property at retail, furnish a bond from a surety company authorized to do business in the State of Illinois, or a bond signed by 2 personal sureties who have filed with the Department sworn statements disclosing net assets equal to at least 3 times the amount of the bond to be required of such applicant, or a bond secured by an assignment of a bank account or certificate of deposit, stocks or bonds, conditioned upon the applicant paying to the City all moneys becoming due under this Chapter. The Department shall fix the amount of such security in each case, taking into consideration the amount of money expected to become due from the applicant under this Chapter. The amount of security required by the Department shall be such as, in its opinion, will protect the City against failure to pay the amount which may become due from the applicant under this Chapter, but the amount of the security required by the Department shall not exceed three times the amount of the applicant's average monthly tax collection and remission liability, or $50,000.00 whichever amount is lower. No certificate of registration under this Chapter shall be issued by the Department until the applicant provides the Department with satisfactory security as herein provided for. The Department may waive the furnishing of a bond until January 1, 1982.

Upon receipt of the application for a certificate of registration in proper form, and upon approval by the Department of the security furnished by the applicant, the Department shall issue to such applicant a certificate of registration.

If the person so registered states that he operates other places of business as a retailer in the City, the Department shall furnish him with a sub-certificate of registration for each such place of business. All sub-certificates of registration shall bear the same registraton number as that appearing upon the certificate of registration to which such sub-certificates relate.

Where the same person engages in 2 or more businesses as a retailer in the City, which businesses are substantially different in character or engaged in under different trade names or engaged in under other substantially dissimilar circumstances (so that it is more practicable, from an accounting, auditing or bookkeeping standpoint, for such business to be separately registered), the Department may require or permit such person (subject to the same requirements concerning the furnishing of security as those that are provided for hereinbefore in this Section as to each application for a certificate of registration) to apply for and obtain a separate certificate of registration for each such business or for any of such businesses, under a single certificate of registration supplemented by related sub-certificates of registration.

With respect to security other than bonds (upon which the Department may sue in the event of a forfeiture), if the tax collector fails to pay, when due, any amount whose payment such security guarantees, the Department shall, after such liability is admitted by the tax collector or established by the Department through the issuance of a final assessment that has become final under the law, convert the security which that tax collector has furnished into money for the City after first giving the tax collector at least 10 days' written notice, by registered or *certified mail, to pay the liability or forfeit such security to the Department. If the security consists of stocks or bonds or other securities which are listed on any public exchange, the Department shall sell such securities through such public exchange. If the security consists of a bank certificate of deposit, the Department shall convert the security into money by demanding and collecting the amount of such bank certificate of deposit from the bank which issued such certificate. If the security consists of a type of stocks or other securities which are not listed on a public exchange, the Department shall sell such security to the highest and best bidder after giving at least 10 days' notice of the date, time and place of the intended sale by publication in a daily newspaper of general circulation in the City. If the Department realizes more than the amount of such liability from the security, plus the expenses incurred by the Department in converting the security into money, the Department shall pay such excess to the tax collector who furnished such security and the balance shall be paid into the Corporate Fund of the City.*

Except as to motor vehicles and other items of tangible personal property which must be titled or registered under an Illinois law but which cannot be so titled or registered without a use tax receipt or exemption determination from the Illinois Department of Revenue, every retailer maintaining a place of business in the City and making sales of tangible personal property for use in the City (whether such sales are made within or without the City) shall, when collecting the tax as provided in Section 200.6-3 of this Chapter from the purchaser, give to the purchaser (if demanded by the purchaser) a receipt therefor in the manner and form prescribed by the Department. Such receipt shall be sufficient to relieve the purchaser from further liability for the tax to which such receipt may refer. Each such retailer shall list with the Department the names and addresses of all his agents operating in the City and the location of any and all of his distribution or sales houses, offices or other places of business in the City.

The Department may, in its discretion, upon application, authorize the collection of the tax herein imposed by any retailer not maintaining a place of business within the City, who, to the satisfaction of the Department, furnishes adequate security to insure collection and payment of the tax. Such retailer shall be issued, without charge, a permit to collect such tax. When so authorized, it shall be the duty of such retailer to collect the tax upon all tangible personal property sold to his knowledge for use within the City, in the same manner and subject to the same requirements, including the furnishing of a receipt to the purchaser (if demanded by the purchaser), as a retailer maintaining a place of business within the City. The receipt given to the purchaser shall be sufficient to relieve him from further liability for the tax to which such receipt may refer. Such permit may be revoked by the Department as provided herein.

Section 200.6-6. Except as provided in this Section, every retailer required or authorized to collect the tax imposed by this Chapter shall, on or before the last day of each calendar month, file a return for the preceding calendar month with the Department, stating:

1. The name of the retailer;

2. His residence address and the address of his principal place of business and the address of the principal place of business (if that is a different address) from which he engages in the business of selling tangible personal property in the City;

3. Total amount of receipts received by him during the preceding calendar month from sales of tangible personal property in the City by him during such preceding calendar month;

4. Total amount received by him during the preceding calendar month on charge and time sales of tangible personal property in the City by him prior to the month for which the return is filed;

5. Deductions allowed by law;

6. Receipts which were received by him during the preceding calendar month and upon the basis of which the tax upon purchasers from him is imposed;

7. The amount of tax due;

8. The amount of penalty due, if any; and

9. Such other reasonable information as the Department may require.

If the retailer's average monthly liability to the Department does not exceed $1,000, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February and March of a given year being due by April 30 of such year; with the return for April, May and June of a given year being due by July 31 of such year; with the return for July, August and September of a given year being due by October 31 of such year, and with the return for October, November and December of a given year being due by January 31 of the following year.

If the retailer's average monthly liability with the Department does not exceed $250, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 31 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Chapter concerning the time within which a retailer may file his return, in the case of any retailer who ceases to engage in a kind of business which makes him responsible for filing returns under this Chapter, such retailer shall file a final return under this Chapter with the Department not more than one month after discontinuing such business.

Where the same person has more than one business registered with the Department under separate registrations under this Chapter, such person may not file each return that is due as a single return covering all such registered businesses, but shall file separate returns for each such registered business.

Refunds to purchasers made by the retailer during the preceding return period shall be allowed as a deduction under subdivision 5, in case the retailer had theretofore included the receipts from such sale in a return filed by him and had remitted the tax imposed by this Chapter with respect to such receipts.

Where the retailer is a corporation, the return filed on behalf of such corporation shall be signed by the president, vice-president, secretary or treasurer or by the properly accredited agent of such corporation.

Except as provided in this Section, the retailer filing the return under this Section shall, at the time of filing such return, pay to the Department the amount of tax imposed by this Chapter less a discount of 2% or $5 per calendar year, whichever is greater, which is allowed to reimburse the seller for the expenses incurred in collecting the *tax, keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request.*

If the tax collector's average monthly liability to the Department under this Chapter exceeded $5,000 during the preceding 4 complete calendar quarters and the tax collector is not required to make quarter monthly payments under this Section, he shall file a return with the Department for each month by the end of the month during which such liability is incurred. If the Director finds that the information required for the making of an accurate return cannot reasonably be compiled by a tax collector by the end of the current calendar month for which a return is to be made, he may grant, for a period of one calendar quarter, a continuing one month extension of time for the filing of such returns. The granting of such an extension may be conditioned upon the deposit by a tax collector with the Department of an amount of money not exceeding the average monthly liability of the tax collector to the Department for the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability in such 4 quarter period). Once applicable, the requirement of the deposit shall continue until the tax collector's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $4,500, or until the tax collector's average monthly liability to the Department as computed for each calendar quarter of the preceding 4 complete calendar quarter period is less than $5,000.

All such deposits shall be credited against the tax collector's liabilities under this Chapter.

If the tax collector's average monthly liability to the Department under this Chapter was $25,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the end of the month next following the month during which such liability is incurred and shall make payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred in an amount equal to 1/4 of the tax collector's actual liability for the month or an amount set by the Department not to exceed 1/4 of the average monthly liability of the tax collector to the Department for the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability in such 4 quarter period). The amount of such quarter monthly payments shall be credited against the final tax liability on the tax collector's return for that month. Once applicable, the requirement of the making of quarter monthly payments to the Department shall continue until such tax collector's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $9,000, or until such tax collector's average monthly liability to the Department as computed for each calendar quarter of the preceding 4 complete calendar quarter period is less than $10,000. If any such quarter monthly payment is not paid at the time or in the amount required by this Section, then the 2% tax collector's discount shall be reduced by 2% of the difference between the minimum amount due as a payment and the amount of such quarter monthly payment actually and timely paid, except insofar as the tax collector has previously made payments for that month to the Department in excess of the minimum payments previously due as provided in this Section. The Department shall make reasonable rules and regulations to govern the quarter monthly payment amount and quarter monthly payment dates for tax collectors who file on other than a calendar monthly basis.

Notwithstanding the foregoing provisions of this Section, for the first 12 month period this tax is in effect the Department may estimate what the amount of liability from any tax collector would have been for prior periods if the tax hereunder had been in effect for such periods and direct the frequency of remittance of the tax and filing of returns in accordance with the provisions of this Section on the basis of such estimates.

If any such payment or deposit provided for in this Section exceeds the tax collector's present and probable future liabilities under this Chapter, the Department may issue to the taxpayer a credit memorandum, which may be submitted by the tax collector to the Department in payment of liability subsequently to be remitted by the tax collector to the Department or be assigned by the tax collector to a similar tax collector under this Chapter, in accordance with reasonable rules and regulations to be prescribed by the Department.

Any deposit previously made by a tax collector who is required to make quarter monthly payments under this Chapter shall be applied against the tax collector's liability to the Department under this Chapter for the month preceding the first month in which the tax collector is required to make such quarter monthly payments. If the deposit exceeds that liability, the Department may issue the tax collector a credit memorandum for the excess.

The money received by the Department under the provisions of this Chapter shall be deposited in the Corporate Fund of the City.

The tax collector shall prepare and file with the Department on a form prescribed by the Department within 90 days after the close of this fiscal year an annual information return for such fiscal year. Such annual return to the Department shall include a statement of receipts as shown by the retailer's last State income tax return. If the total receipts of the business as reported in the State income tax return do not agree with the receipts reported to the Department for the same period, the retailer shall attach to his annual return a schedule showing a reconciliation of the 2 amounts and the reasons for the difference. The retailer's annual return to the Department shall also disclose any additional reasonable information which the Department deems would be helpful in determining the accuracy of the quarter-monthly, monthly. quarterly or annual returns filed by such seller as provided for in this Section. The provisions of this Section concerning the filing of an annual information return do not apply to a retailer who is not required to file an income tax return with the United States Government.

If the annual information return required by this Section is not filed when and as required, the tax collector shall be liable for a penalty equal to 1/6 of 1% of the amount due from such tax collector under this Chapter during the period to be covered by the annual return for each month or fraction of a month until such return is filed as required. the penalty to be assessed and collected in the same manner as any other penalty provided for in this Chapter.

The chief executive officer, proprietor, owner or highest ranking manager shall sign any return required to be filed under this Section to certify the accuracy of the information contained therein. Any person who willfully signs any such return containing false or inaccurate information shall be guilty of a violation of this Chapter and punished accordingly. The return forms prescribed by the Department shall include a warning that the person signing such return may be liable for a penalty as provided by this Chapter.

Any person engaged in the business of selling tangible personal property at retail as a concessionaire or other type of seller at art shows, flea markets and similar exhibitions or events, may be required to make a daily report of the amount of such sales to the Department and to make a daily payment of the full amount of tax due. The Department shall impose this requirement when it finds that there is a significant risk of loss of revenue to the City at such an exhibition or event. Such a finding shall be based on evidence that a substantial number of concessionaires or other sellers who are not residents of the City will be engaging in the business of selling tangible personal property at retail at the exhibition or event, or other evidence of a significant risk of loss of revenue to the City. The Department shall notify concessionaires and other sellers affected by the imposition of this requirement. In the absence of notification by the Department, the concessionaires and other sellers shall file their returns as otherwise required in this Section.

With respect to motor vehicles and aircraft, every retailer selling this kind of tangible personal property shall file, with the Department, upon a form to be prescribed and supplied by the Department, a separate return for each such item of tangible personal property which the retailer sells, except that where, in the same transaction a retailer of motor vehicles transfers more than one motor vehicle to another motor vehicle retailer for the purpose of resale, such seller for resale may report the transfer of all the motor vehicles involved in that transaction to the Department on the same uniform invoice-transaction reporting return form. Such transaction reporting return in the case of motor vehicles shall be the same document as the Uniform Invoice referred to in Section 5-402 of The Illinois Vehicle Code and must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price, including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 200.6-2 of this Chapter allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale; a sufficient identification of the property sold; such other information as is required in Section 5-402 of The Illinois Vehicle Code, and such other information as the Department may reasonably require. Such transaction reporting return in the case of aircraft must show the name and address of the retailer; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 200.6-2 of this Ordinance allowed an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale, a sufficient identification of the property sold, and such other information as the Department may reasonably require. Such transaction reporting return shall be filed not later than 30 days after the date of delivery of the item that is being sold, but may be filed by the retailer at any time sooner than that if he chooses to do so. The transaction reporting return and tax remittance or proof of exemption from the tax that is imposed by this Chapter may be transmitted to the Department by way of the State agency with which, or State officer with whom, the tangible personal property must be titled or registered (if titling or registration is required). With each such transacton reporting return, the retailer shall remit the proper amount of tax due (or shall submit satisfactory evidence that the sale is not taxable if that is the case), to the Department or its agents, whereupon the Department shall issue, in the purchaser's name, a tax receipt (or a certificate of exemption if the Department is satisfied that the particular sale is tax exempt). If the purchaser or user who would otherwise pay tax to the retailer wants the transaction reporting return filed and the payment of tax or proof of exemption made to the Department before the retailer is willing to take these actions and such purchaser or user has not paid the tax to the retailer, such purchaser or user may certify to the fact of such delay by the retailer, and may (upon the Department being satisfied of the truth of such certification) transmit the information required by the transaction reporting return and the remittance for tax or proof of exemption directly to the Department and obtain his tax receipt or exemption determination, in which event the transaction reporting return and tax remittance (if a tax payment was required) shall be credited by the Department to the proper retailer's account with the Department, but without the 2% discount provided for in this Section being allowed. When the purchaser or user pays the tax directly to the Department, he shall pay the tax in the same amount and in the same form in which it would be remitted if the tax had been remitted to the Department by the retailer.

Any retailer filing a return under this Section shall also include (for the purpose of paying tax thereon) the total tax, if any, imposed upon him hereunder for the purchase or use of tangible personal property purchased by him at retail from a retailer, but as to which the tax imposed by this Chapter was not collected from the retailer filing such return, and such retailer shall remit the amount of such tax to the Department when filing such return.

Section 200.6-7. If the purchaser is not registered with the Department as a tax collector, but claims to be a reseller of the tangible personal property in such a way that the purchaser's purchase or use is not taxable under this Chapter or under some other tax law which the Department may administer, such purchaser (except in the case of an out-of-City purchaser who will always resell and deliver the property to his customers outside the City) shall apply to the Department for a resale number. Such applicant shall state facts which will show the Department why such applicant shall state facts which will show the Department why such applicant is not liable for tax under this Chapter or under some other tax law which the Department may administer and shall furnish such additional information as the Department may reasonably require.

Upon approval of the application, the Department shall assign a resale number to the applicant and shall certify such number to him. The Department may cancel any such number which is obtained through misrepresentation, or which is used to make a purchase or use tax-free when the purchase in fact is not a purchase for resale, or which no longer applies because of the purchaser's having discontinued the making of resales of the property. Except as provided hereinabove in this Section, no purchase or use shall be made tax-free on the ground of the retailer's sale being a sale for resale unless the purchaser *has an active registration number or resale number from the Department and furnishes that number to the retailer in connection with certifying to the retailer that any purchase or use by such purchaser is non-taxable because of the retailer's sale being a sale for resale.*

Section 200.6-8. Except as to motor vehicles and aircraft, when tangible personal property is purchased from a retailer in the City or for use in the City by a purchaser who did not pay the tax imposed by this Chapter to the retailer, and who does not file returns with the Department as a retailer under Section 200.6-6 of this Chapter, such purchaser (by the last day of the month following the calendar month in which such purchaser makes any payment upon the selling price of such property) shall, except as provided in this Section, file a return with the Department and pay the tax upon that portion of the selling price so paid by the purchaser during the preceding calendar month. When tangible personal property is purchased by a lessor, under a lease for one year or longer, executed or in effect at the time of purchase to an interstate carrier for hire, who did not pay the tax imposed by this Chapter to the retailer, such lessor (by the last day of the month following the calendar month in which such property reverts to the use of such lessor) shall file a return with the Department and pay the tax upon the fair market value of such property on the date of reversion. Such return shall be filed on a form prescribed by the Department and shall contain such information as the Department may reasonably require. Such return and payment from the purchaser shall be submitted to the Department sooner than the last day of the month after the month in which the purchase is made to the extent that that may be necessary in order to secure the title to a motor vehicle or the certificate of registration for an aircraft.

When a purchaser pays a tax imposed by this Chapter directly to the Department, the Department (upon request therefor from such purchaser) shall issue an appropriate receipt to such purchaser showing that he had paid such tax to the Department. Such receipt shall be sufficient to relieve the purchaser from further liability for the tax to which such receipt may refer. A purchaser or user who is liable to pay tax directly to the Department only occasionally and not on a frequently recurring basis, and who is not required to file returns with the Department as a retailer under Section 200.6-6 of this Chapter, need not register with the Department. However, if such a purchaser or user has a frequently recurring direct tax liability to pay to the Department, such purchaser or user shall be required to register with the Department on forms prescribed by the Department and to obtain and display a certificate of registration from the Department. In that event, all of the provisions of Section 200.6-6 of this Chapter concerning the filing of regular monthly, quarterly or annual tax returns and all of the provisions of this Chapter concerning the requirements for registrants to post bond or other security with the Department, as provisions now exist or may hereafter be amended, shall apply to such purchasers or users.

Section 200.6-9. In case any person engaged in the business of selling tangible personal property at retail fails to file a return when and as herein required, but thereafter, prior to the Department's issuance of a notice of tax liability under this Section, files a return and pays the tax, he shall also pay a penalty of 5% of the amount of the tax.

In case any person engaged in the business of selling tangible personal property at retail files the return at the time required by this Chapter bu fails to pay the tax, or any part thereof, when due, a penalty of 5% of the amount of the tax unpaid when due shall be added thereto.

In case any person engaged in the business of selling tangible personal property at retail fails to file a return when and as herein required, but thereafter, prior to the Department's issuance of a notice of tax liability under this Section, files a return but fails to pay the entire tax, a penalty of 5% of the full amount of tax shown by such return shall be added thereto.

In case any person engaged in the business of selling tangible personal property at retail fails to file a return, the Department shall determine the amount of tax due from him according to its best judgment and information, which amount so fixed by the Department shall be prima facie correct and shall be prima facie evidence of the correctness of the amount of tax due, as shown in such determination. In making any such determination of tax due, it shall be permissible for the Department to show a figure that represents the tax due for any given period of 6 months instead of showing the amount of tax due for each month separately. Proof of such determination by the Department may be made at any hearing before the Department or in any legal proceeding by a reproduced copy of the Department's record relating thereto in the name of the Department under the certificate of the Director. Such reproduced copy shall, without further proof, be admitted into evidence before the Department or in any legal proceeding and shall be prima facie proof of the correctness of the amount of tax due, as shown therein. The Department shall issue the tax collector a notice of tax liability for the amount of tax claimed by the Department to be due, together with a penalty of 20% thereof.

However, where the failure to file any tax return required under this Chapter on the date prescribed therefor (including any extensions thereof), is due to reasonable cause the penalties imposed by this Chapter shall not apply.

In case of failure to pay the tax, or any portion thereof, or any penalty provided for in this Chapter, or interest, when due, the Department may bring suit against the tax collector or the purchaser or user to recover the amount of such tax or portion thereof, or penalty or interest; or, if the tax collector or purchaser or user has died or become incompetent, may file a claim therefor against his estate; provided that no such suit with respect to any tax, or portion thereof, or penalty, or interest shall be instituted more than 2 years after the later of (i) the date any proceedings in court for review thereof have terminated or (ii) the time for the filing of such proceedings has expired without such proceedings being instituted, except with the consent of the person from whom such tax or penalty or interest is due; nor, except with such consent, shall such suit be instituted more than 2 years after the date any return is filed with the department in cases where the return constitutes the basis for the suit for unpaid tax, or portion thereof, or penalty provided for in this Chapter, or interest; provided that the time limitation period on the Department's right to bring any such suit shall not run during any period of time in which the order of any court has the effect of enjoining or restraining the Department from bringing such suit.

The collection of tax or penalty or interest by any means provided for herein shall not be a bar to collection by any other means or to any prosecution under this Chapter.

In addition to any penalty provided for in this Chapter any amount of tax which is not paid when due shall bear interest at the rate of 2% per month or fraction thereof from the date when such tax becomes past due until such tax is paid or a judgment therefor is obtained by the Department; provided, however, that if the time for making or completing an audit of a tax collector's books and records is extended with the *tax collector's consent, at the request of and for the convenience of the Department, beyond the date on which the statute of limitations upon the issuance of a notice of tax liability by the Department otherwise would run, no interest shall accrue during the period of such extension.*

Section 200.6-10. Every person engaged in the business of selling tangible personal property at retail in the City shall keep records and books of all such sales, together with invoices, sales records, copies of bills of sale, inventories prepared as of December 31 of each year or otherwise annually as has been the custom in the specific trade and other pertinent papers and documents. Every person who is engaged in the business of selling tangible personal property at retail in the City and who, in connection with such business, also engages in other activities (including, but not limited to, engaging in a sales of goods occupation) shall keep such additional records and books of all such activities as will accurately reflect the character and scope of such activities and the amount of receipts realized therefrom.

All books and records and other papers and documents which are required by this Chapter to be kept shall be kept in the English language and shall, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees.

To support deductions made on the tax return form, or authorized under this Chapter, on account of receipts from isolated or occasional sales, on account of receipts from sales to governmental bodies or other exempted types of purchasers, on account of receipts from sales in interstate commerce, and on account of receipts from any other kind of transaction that is not taxable under this Chapter, entries in any books, records or other pertinent papers or documents of the tax collector in relation thereto shall be in detail sufficient to show the name and address of the tax collector's customer in each such transaction, the character of every such transaction, the date of every such transaction, the amount of receipts realized from every such transaction and such other information as may be necessary to establish the nontaxable character of such transaction under this Chapter.

It shall be presumed that all purchases or uses of tangible personal property purchased at retail are subject to tax under this Chapter until the contrary is established, and the burden of proving that a transaction is not taxable hereunder shall be upon the person who would be required to pay the tax or remit the tax to the Department if such transaction is taxable. In the course of any audit or investigation or hearing by the Department with reference to a given tax collector or purchaser, if the Department finds that such person lacks documentary evidence needed to support the claim that no tax is due hereunder, the Department is authorized to notify such person in writing to produce such evidence, and such person shall have 60 days subject to the right in the Department to extend this period either on request for good cause shown or on its own motion from the date when such notice is sent by certified or registered mail (or delivered if the notice is served personally) in which to obtain and produce such evidence for the Department's inspection, failing which the matter shall be closed, and the transaction shall be conclusively presumed to be taxable hereunder.

Books and records and other papers reflecting receipts received during any period with respect to which the Department is authorized to issue notices of tax liability as provided by Sections 200.6-9 and 200.6-10 of this Chapter shall be preserved until the expiration of such period unless the Department, in writing, shall authorize their destruction or disposal prior to such expiration.

Section 200.6-11. Any non-resident of the City who accepts the privilege extended by the laws of the City to non-residents or acting as a retailer maintaining a place of business in the City within the meaning of Section 200.6-2 of this Chapter, and any resident of City who incurs liability under this Chapter and who subsequently removes from the City or conceals his whereabouts, and any person (resident or non-resident) who incurs tax liability under this Chapter as a purchaser or user in the City and who removes from the City or conceals his whereabouts, shall be deemed thereby to appoint the City Clerk his agent for the service of process or notice in any judicial or administrative proceeding under this Chapter. Such process or notice shall be served by the Department on the City Clerk by leaving, at the office of the City Clerk at least 15 days before the return day of such process or notice, a true and certified copy thereof, and by sending to the taxpayer or tax collector by registered or certified mail, postage prepaid, a like and true certified copy, with an endorsement thereon of the service upon said City Clerk, addressed to such taxpayer or tax collector at his last known address.

Service of process or notice in the manner provided for in this Section, under the circumstances specified in this Section, shall be of the same force and validity as if served upon the taxpayer or tax collector personally within the City. Proof of such service upon the taxpayer or tax collector through the City Clerk as his agent and by mailing to the last known address of the taxpayer or tax collector may be made in such judicial or administrative proceeding by the affidavit of the Director, or by his duly authorized representative who made such service, with a copy of the process or notice that was so served attached to affidavit.

Whenever any retailer not maintaining a place of business in the City, to whom a permit to collect the tax hereby imposed has been issued pursuant to Section 200.6-5 hereof, fails to comply with any of the provisions hereof or any orders, rules or regulations of the Department prescribed and adopted hereunder, or when the Department considers the security furnished by such retailer to be inadequate or considers that the tax can be collected more effectively from persons using such property in the City, the Department may, upon notice and hearing as herein provided, by order revoke the permit issued to such retailer. No order authorized by this Section shall be made until the retailer is given an opportunity to be heard and to show cause why such order shall not be made, and he shall be given at least 7 days' notice of the time, place and purpose of such hearing. The Department shall have the power in its discretion to issue a new permit pursuant to Section 200.6-5 hereof after such revocation.

Section 200.6-12. It shall be the duty of the Department to collect and receive the tax imposed by this Chapter. The Department shall keep an accurate and separate account of all such tax payments received by it showing the name and address of the person remitting the tax and the date of each payment. The Director is hereby empowered to adopt and promulgate, and to enforce, rules and regulations relating to any matter or thing pertaining to the administration and enforcement of the provisions of this Chapter, including provisions for re-examination, correction and amendment of all returns. The

Director, or any agent or employee designated in writing by him, is hereby authorized to examine the books, papers and records of any tax collector during regular business hours, in order to verify the accuracy of any return made, or if no return was made, to ascertain the tax imposed by this Chapter.

Section 200.6-13. A. Whenever it appears to a person paying or remitting the tax that an amount of tax, interest or penalty has been paid in error to the Department by him, whether such amount be paid through a mistake of fact or an error of law, not later than three (3) years from the date upon which such payment was made, such person may file a claim for credit or refund with the Department on forms provided by said Department for that purpose.

B. Any credit or refund that is allowed under this Section shall bear interest at the rate of one-half of one percent (½%) per month, or any fraction thereof, from the date when the erroneous payment for which credit or refund is being allowed was made to the Department, until a credit memorandum is issued or a refund is paid.

C. A claim for credit or refund shall be considered to have been filed with the Department on the date upon which it is received by the Department, and receipt of any claim for credit filed under this Section shall be acknowledged by the Director or any designated person on his behalf, said receipt to describe the claim in sufficient detail as to identify it, and to state the date upon which the claim was received by the Department.

D. As soon as practicable after a claim for credit or refund is filed, the Director, or his designate, shall examine the same and determine the amount of credit or refund due, if any, and shall issue a Notice of Tentative Determination of Claim and notify the claimant of such determination. If the claimant disagrees with the determination, he shall file a protest and challenge thereto within 20 days after the date of Notice of Tentative Determination of Claim has been mailed to him. Upon receipt of such protest within the 20 days allowed, the Director, or his designate, shall fix the time and place for a hearing thereon, giving notice to the claimant thereof, not less than 7 days prior thereto. At any hearing held as herein provided, the Tentative Determination of Claim shall be prima facie correct and the burden shall be upon the claimant to prove that it is incorrect. Upon the conclusion of the hearing, a decision shall be made by the Director and notice thereof given to the claimant. In the event no protest or challenge to the Tentative Determination of Claim is filed within the 20 day period hereinabove set forth, said notice shall thereafter become and operate as a final determination.

E. The Director may in his discretion issue a letter of credit to a claimant who may be able to use said credit in the foreseeable future, or a refund certificate in lieu of a credit memorandum on application by a person who cannot use said credit, or sell or assign the same. Refund certificates shall be numbered serially as they are issued and shall be paid in the order of their issuance from funds that are appropriated to the Department for that purpose.

Section 200.6-14. A. If it shall appear to the Director that any person has violated any provision of this Chapter or any rule or regulation promulgated hereunder, or if the amount of any tax payment is incorrect in that it does not include all taxes payable for such calendar quarter or period, or if the Director shall find that the collection of any taxes which have accrued but are not yet due will be jeopardized by delay, declares said taxes to be immediately due and payable, or if it shall appear to the Director that he has made any final assessment which did not include taxes payable for the periods involved, or if it appears to the Director that any person has, by reason of any act or omission or by operation of law, become liable for the payment of any taxes, interest or penalties not originally incurred by him, the Director may in any of the above events determine and assess the amount of such taxes or deficiency, as the case may be, together with the interest and penalties due and unpaid, and immediately serve notice upon such person of such determination and assessment and make a demand for payment of the tax together with interest and penalties thereon. If the person incurring any such liability has died, such assessment may at the discretion of the Director be made against his personal representative. Such determination and assessment by the Director shall be final at the expiration of 20 days from the date of the service of such written notice thereof and demand for payment, unless such person shall have filed with the Director a written protest and a petition for a hearing, specifying its objections thereto. Upon the receipt of such petition within the 20 days allowed, the Director shall fix the time and place for a hearing and shall notify the petitioner thereof. The Director may amend his determination and assessment at any time before it becomes final. In the event of such amendment the person affected shall be given notice thereof and an opportunity to be heard in connection therewith. At any hearing held as herein provided, the determination and assessment that has been made by the Director shall be prima facie correct and the burden shall be upon the protesting person to prove that it is incorrect. Upon the conclusion of such hearing a decision shall be made by the Director either cancelling, increasing, modifying or affirming such determination or assessment and notice thereof given to the petitioner. Such notice shall contain a statement by the Director of the cost of the certification of the record computed at the rate of 5 cents per 100 words, which cost shall be charged to the petitioner if the determination or assessment is affirmed. The record shall consist of the notices and demands caused to be served by the Director, the original determination and assessment of the Director, the written protest and petition for hearing, the testimony introduced at such hearing, the exhibits produced at such hearing, or certified copies thereof, the decisions of the Director and such other documents in the nature of pleadings filed in the proceeding.

B. Whenever any person shall fail to pay any tax as herein provided, the City's Corporation Counsel shall, upon the request of the Department, bring or cause to be brought an action to enforce the payment of said tax on behalf of the City in any court of competent jurisdiction.

C. If the Mayor, after hearing held by or for him, shall find that any person has willfully evaded payment or collection and remittance of the tax imposed by this Chapter, he may suspend or revoke all City licenses held by such tax evader. Said person shall have an opportunity to be heard at such hearing to be held not less than 7 days after notice is given to him of the time and place of the hearing to be held, addressed to him at his last known place of business. Pending notice, hearing and finding, any license issued by the City possessed by said person may be temporarily suspended. Any suspension or revocation of any license shall not release or discharge said person from his civil liability for the payment or collection and remittance of the tax, nor from prosecution for such offense.

Section 200.6-15. For the purpose of administering and enforcing the provisions of this Chapter, the Department, or any officer or employee of the Department designated, in writing, by the Director thereof, may hold investigations and hearings concerning any matters covered by this

Chapter and may examine any books, papers, records or memoranda bearing upon the sales or purchases of services of any such person, and may require the attendance of such person or any officer or employee of such person, or of any person having knowledge of such business, and may take testimony and require proof for its information. In the conduct of any investigation or hearing, neither the Department nor any officer or employee thereof shall be bound by the technical rules of evidence, and no informality in any proceeding, or in the manner of taking testimony, shall invalidate any order, decision, rule or regulation made or approved or confirmed by the Department. The Director, or any officer or employee of the Department authorized by the Director thereof, shall have power to administer oaths to such persons. The books, papers, records and memoranda of the Department, or parts thereof, may be proved in any hearing, investigation, or legal proceeding by a reproduced copy thereof under the certificate of the Director. Such reproduced copy shall, without further proof, be admitted into evidence before the Department or in any legal proceeding.

Section 200.6-16. No person shall be excused from testifying or from producing any books, papers, records or memoranda in any investigation or upon any hearing, when ordered to do so by the Department or any officer or employee thereof, upon the ground that the testimony or evidence, documentary or otherwise, may tend to incriminate him or subject him to a criminal penalty, but no person shall be prosecuted or subjected to any criminal penalty for, or on account of, any transaction made or thing concerning which he may testify or produce evidence, documentary or otherwise, before the Department or an officer or employee thereof; provided, that such immunity shall extend only to a natural person who, in obedience to a subpoena, gives testimony under oath or produces evidence, documentary or otherwise, under oath. No person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying.

Section 200.6-17. The Department or any officer or employee of the Department designated, in writing, by the Director. shall at its or his own instance, or on the written request of any other party to the proceeding, issue subpoenas requiring the attendance of and the giving of testimony by witnesses, and subpoenas duces tecum requiring the production of books, papers, records or memoranda. All subpoenas and subpoenas duces tecum issued under the terms of this Chapter may be served by any person of full age. The fees of witnesses for attendance and travel shall be the same as the fees of witnesses before the circuit court of this State; such fees to be paid when the witness is excused from further attendance. When the witness is subpoenaed at the instance of the Department or any officer or employee thereof, such fees shall be paid in the same manner as other expenses of the Department, and when the witness is subpoenaed at the instance of any other party to any such proceeding the Department may require that the cost of service of the subpoena or subpoena duces tecum and the fee of the witness be borne by the party at whose instance the witness is summoned. In such case, the Department, in its discretion, may require a deposit to cover the cost of such service and witness fees. A subpoena or subpoena duces tecum issued as aforesaid shall be served in the same manner as a subpoena issued out of a court.

Any circuit court of this State, or any judge thereof, upon the application of the Department or any officer or employee thereof, or upon the application of any other party to the proceeding, may, in its or his discretion, compel the attendance of witnesses, the production of books, papers, records or memoranda and the giving of testimony before the Department or any officer or employee thereof conducting an investigation or holding a hearing authorized by this Chapter, by an attachment for contempt, or otherwise, in the same manner as production of evidence may be compelled before said court.

The Department or any officer or employee thereof, or any other party in an investigation or hearing before the Department, may cause the depositions of witnesses to be taken in the manner prescribed by law for like depositions in civil actions in courts of this State, and to that end compel the attendance of witnesses and the production of books, papers, records or memoranda.

Section 200.6-18. All information received by the Department from returns filed under this Chapter, or from any investigation conducted under this Chapter, shall be confidential, except for official purposes, and any person who divulges any such information in any manner, except in accordance with a proper judicial order or as otherwise provided by law, shall be punished by a jail sentence not to exceed six months or a fine not to exceed $500, or both.

Nothing in this Chapter prevents the Director from publishing or making available to the public the names and addresses of persons filing returns under this Chapter, or reasonable statistics concerning the operation of the tax by grouping the contents of returns so the information in any individual return is not disclosed.

Nothing in this Chapter prevents the Director from divulging to the United States Government or the government of any state, or any officer or agency thereof, for exclusively official purposes, information received by the Department in administering this Chapter, provided that such other governmental agency agrees to divulge requested tax information to the Department.

The Department's furnishing of information derived from a tax collector's return or from an investigation conducted under this Chapter to the surety on a tax collector's bond that has been furnished to the Department under this Chapter, in order to support the Department's demand for payment from such surety under the bond, is an official purpose within the meaning of this Section.

The furnishing upon request of information obtained by the Department from returns filed under this Chapter or investigations conducted under this Chapter to the Liquor Control Commissioner for official use is deemed to be an official purpose within the meaning of this Section.

The furnishing upon request of the City's auditor or his authorized agents, for official use, of returns filed and information related thereto under this Chapter is deemed to be an official purpose within the meaning of this Section.

Section 200.6-19. Whenever notice is required by this Ordinance, such notice may be given by United States registered or certified mail, addressed to the person concerned at his last known address, and proof of such mailing shall be sufficient for the purposes of this Chapter. Notice of any hearing provided for by this Chapter shall be so given not less than 7 days prior to the day fixed for the hearing. Following the initial contact of a person represented by an attorney, the Department shall not contact the person concerned but shall only contact the attorney representing the person concerned.

All hearings provided for in this Chapter shall be at the Department's office.

Section 200.6-20. Any officer or employee of any corporation subject to the provisions of this Chapter who has the control, supervision or responsibility of filing returns and collecting and making payment of the amount of tax herein imposed and who wilfully fails to file such return or to collect and make such payment to the Department shall be personally liable for such amounts, including interest and penalties thereon, in the event that after proper proceedings for the collection of such amounts, as provided in this Chapter, such corporation is unable to pay such amounts to the Department; and the personal liability of such officer or employee as provided herein shall survive the dissolution of the corporation.

Section 200.6-21. Any person found guilty of violating, disobeying, omitting, neglecting, or refusing to comply with, or resisting or opposing the enforcement of any of the provisions of this Chapter except when otherwise specifically provided, upon conviction thereof shall be punished by a fine of not less than $50.00 nor more than $10.000 for the first offense and not less than $1.000 nor more than $100.000 or 5 times the amount of tax imposed, if any, whichever is higher, for the second and each subsequent offense in any 180-day period, provided, however, that all actions seeking the imposition of fines only shall be filed as quasi-criminal actions subject to the provisions of the Illinois Civil Practice Act (Ill. Rev. Stat. 1979, Ch. 110, par 1, et seq.). Repeated offenses in excess of three within any 180-day period may also be punishable as a misdemeanor by incarceration in the County Jail for a term not to exceed six months under the procedures set forth in Section 1-2-1.1 of the Illinois Municipal Code (Ill. Rev. Stat. 1979, Ch. 24, par. 1-2-1.1) and under the provisions of the Illinois Code of Criminal Procedures (Ill. Rev. Stat. 1979, Ch. 38, pars. 100-1, et seq.) in a separate proceeding. A separate and distinct offense shall be regarded as committed each day upon which said person shall continue any such violation, or permit any such violation to exist after notification thereof.

Section 200.6-22. If any provision of this Chapter or application thereof to any person or circumstance is held unconstitutional or otherwise invalid, such invalidity does not affect other provisions or applications of this Chapter which can be given effect without the invalid application or provision, and to this end each such invalid provision or invalid application of this Chapter is severable, unless otherwise provided by this Chapter. In particular, but without limitation, each provision creating an exception to or an exemption or exclusion from the imposition of the tax is severable. It is hereby declared to be the legislative intent of the City Council that this Chapter would have been adopted had any such unconsitutional or otherwise invalid provision or application not been included.

Section 2. This ordinance takes effect on the first day of the first month after its due passage and publication.

Action Deferred—ON PROPOSED ORDINANCE AMENDING CHAPTER 178.1 OF MUNICIPAL CODE AUTHORIZING AN INCREASE IN CIGARETTE TAX.

The Committee on Finance submitted the following report, which was, on motion of Alderman Frost and Alderman Marzullo, *Deferred* and ordered published:

CHICAGO, July 16, 1981.

To the President and Members of the City Council:

Your Committee on Finance, to which was referred a communication from the Office of the Mayor transmitting a proposed ordinance authorizing the issuance of General Obligation Notes, Series of August, 1981, to provide for the operation and maintenance of public transportation services having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,
(Signed) WILSON FROST,
Chairman.

The proposed ordinance transmitted with the foregoing committee report reads as follows:

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

Section 1. The Municipal Code of Chicago, Chapter 178.1 Section 178.1-2(a) is hereby amended by deleting the language in brackets and inserting the language in Italics as follows:

178.1-2(a) A tax at the rate of [five] *ten* cents per each twenty cigarettes or fraction thereof is hereby imposed upon all cigarettes possessed for sale and upon the use of all cigarettes within the City of Chicago, the ultimate incidence of and liability for payment of said tax to be borne by the consumer of said cigarettes. The tax herein levied shall be in addition to any and all other taxes.

Section 2. This ordinance shall be in full force and effect from and after its passage.

Action Deferred—ON PROPOSED ORDINANCE AUTHORIZING ISSUANCE OF GENERAL OBLIGATION NOTES, SERIES AUGUST 1981 TO PROVIDE FINANCING FOR THE CORPORATE FUND.

The Committee on Finance submitted the following report, which was, on motion of Alderman Frost and Alderman Marzullo, *Deferred* and ordered published:

CHICAGO, July 16, 1981.

To the President and Members of the City Council:

Your Committee on Finance to which was referred a communication from the Office of the Mayor transmitting a proposed ordinance authorizing the issuance of General Obligation Notes, Series of August, 1981, to provide financing for the Corporate Fund, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,
(Signed) WILSON FROST,
Chairman.

The proposed ordinance transmitted with the foregoing committee report reads as follows:

Whereas, The City of Chicago, Illinois (the "City") is a body politic and corporate under the laws of the State of Illinois and a home rule unit under Article VII of the 1970 Constitution of the State of Illinois; and

Whereas, The City has determined that it is desirable and in the public interest to issue and sell $140,000,000 aggregate principal amount of its General Obligation Notes, Series of August, 1981 (the "Notes") in order to finance the Corporate Fund of the City and to secure the Notes by pledging the proceeds of real property taxes levied hereunder (to the extent not abated as contemplated herein); and

Whereas, The City is authorized to issue the Notes and pledge its taxes as provided in this Ordinance pursuant to its powers as a home rule unit under the Illinois Constitution; now, therefore,

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

Section 1. The Mayor of the City (the "Mayor") and City Comptroller of the City (the "City Comptroller") are authorized to issue and sell $140,000,000 aggregate principal amount of the Notes pursuant to this Ordinance in order to meet and defray necessary expenses and liabilities of the City's Corporate Fund.

Section 2. The Notes shall be designated "General Obligation Notes, Series of August, 1981", shall be dated August 1, 1981, shall be issued as coupon Notes, registrable as to principal only, in the denomination of $5,000 each, shall be numbered consecutively from one upwards, and shall mature serially on December 1 of each of the years and in the principal amounts hereinafter set forth and shall bear interest from their date until the principal sum is paid or provided for at the annual rates hereinafter set forth (or such lesser rates as shall be established pursuant to Section 11 hereof), computed on the basis of a 360-day year:

Year	*Principal Amount*	*Interest Rate*
1982	$20,000,000	12%
1983	$50,000,000	12%
1984	$70,000,000	12%

Interest on the Notes shall be payable on December 1, 1981 and semi-annually thereafter on each redemption price equal to the principal amount is paid, but only upon presentation and surrender of the interest coupons attached thereto as they severally become due. Both principal of and interest on the Notes shall be payable in lawful money of the United States of America at the office of the City Treasurer of the City (the "City Treasurer") in Chicago, Illinois, or, at the option of the holder, at the office of Morgan Guaranty Trust Company of New York in New York, New York.

The Notes maturing December 1, 1983 and December 1, 1984 are subject to redemption, in whole or in part, on June 1, 1983 or on any December 1 or June 1 thereafter, at the option of the City, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. In the event that less than all of the Notes are to be redeemed they shall be redeemed in the inverse order of maturity and within a maturity by lot in any reasonable manner as determined by the City.

In the event of any redemption, the City shall give notice specifying the maturities and amounts of the Notes to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable. Such notice shall further state that on such date there shall become due and payable upon each Note to be redeemed the redemption price thereof, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by publication in a newspaper or financial journal of general circulation in the City of Chicago, Illinois and a newspaper or financial journal of general circulation in the City of New York, New York, such publication to be not less than thirty days nor more than sixty days prior to the redemption date. The City shall also mail, by first class mail (postage prepaid), a copy of such notice, not more than sixty days and not less than thirty days before the redemption date to the registered owners of any Notes which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice or any defect therein shall not affect the validity of the proceedings for the redemption of Notes.

Notice having been given by publication in the manner provided, the Notes so called for redemption shall become due and payable on the redemption date so designated at the redemption price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, together with all appurtenant coupons maturing subsequent to the redemption date, such Notes shall be paid at the redemption price plus interest accrued and unpaid to the redemption date not represented by coupons for matured interest installments. All interest installments represented by coupons which shall have matured on or prior to the redemption date shall continue to be payable to the bearers of such coupons. If, on the redemption date, moneys for the redemption of all the Notes to be redeemed, together with interest to the redemption date, shall be held by the paying agent or co-paying agent so as to be available therefor on said date and if notice of redemption shall have been published as aforesaid, then, from and after the redemption date interest on the Notes so called for redemption shall cease to accrue and become payable, and the coupons for interest appertaining thereto maturing subsequent to the redemption date shall be void. If said moneys shall not be so available on the redemption date, such Notes shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Each Note shall be executed by the manual or facsimile signatures of the Mayor and the City Comptroller, attested by the manual signature of the City Clerk or Deputy City Clerk, and shall have the corporate seal of the City affixed, impressed or printed thereon. Each interest coupon shall be executed by the facsimile signatures of the Mayor and the City Clerk. The Mayor, the City Comptroller and the City Clerk have filed or shall file with the Secretary of State of Illinois their manual signatures certified by them pursuant to the Uniform Facsimile Signature of Public Officials Act, as amended, and the use of the facsimile signatures of such persons to execute the Notes and interest coupons is authorized pursuant to the filing. In case any officer of the City whose manual or facsimile signature appears on a Note or interest coupon shall cease to be such officer before the delivery of such Note or interest coupon, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 3. The Notes shall pass by delivery, unless registered, and any Note may be registered as to principal only in the name of the owner on the registry books of the City Comptroller, such registration being noted on each Note so registered, after which registration only such registered owner, or the legal representative of such owner, shall be entitled to receive the principal thereof, and after such registration no transfer thereof shall be valid unless noted on such registry books and similarly noted on the Note, unless the last registration is to bearer, after which it shall be transferable by delivery, but may be again registered as before. Such registration, however, shall not affect the negotiability of the interest coupons by delivery.

Section 4. Each Note, interest coupon and form of registration shall be in substantially the following form:

(Form of Note)
United States of America
State of Illinois
City of Chicago
General Obligation Note
Series of August, 1981

Number............ $............

The City of Chicago, Illinois (the "City"), a body politic and corporate under the laws of the State of Illinois and a home rule unit under Article VII of the 1970 Constitution of the State of Illinois, for value received, hereby promises to pay to bearer, or if this Note is registered as to principal, then to the registered owner hereof, the sum of .... ($............) on December 1, ..., together with interest thereon from the date hereof until said principal sum is paid or provided for at the rate of .... percent (........%) per annum computed on the basis of a 360-day year, payable on December 1, 1981 and semi-annually thereafter on each June 1 and December 1.* Interest due on or prior to maturity is payable only upon presentation and surrender of the interest coupons attached hereto as they severally become due.

Both the principal of and interest on this Note are payable in lawful money of the United States of America at the office of the City Treasurer of the City in Chicago, Illinois, or, at the option of the holder, at the office of Morgan Guaranty Trust Company of New York in New York, New York.

This Note is one of a series of notes of like date in the aggregate principal amount of One Hundred Forty Million Dollars ($140,000,000) issued under the constitutional home rule powers of the City and the specific authority contained in an ordinance passed by the City Council of the City on July ..... 1981 (the "Note Ordinance") for the purpose of providing financing for the City's Corporate Fund.

This Note is subject to redemption on June 1, 1983 or on any interest payment date thereafter at a redemption price equal to the principal amount hereof plus accrued interest to the redemption date.**

In the event of any redemption, the City shall give notice specifying the maturities and amounts of the Notes to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable. Such notice shall further state that on such date there shall become due and payable upon each Note to be redeemed the redemption price thereof, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by publication in a newspaper or financial journal of general circulation in the City of Chicago, Illinois and a newspaper or financial journal of general circulation in the City of New York, New York, such publication to be not less than thirty days nor more than sixty days prior to the redemption date. The City shall also mail, by first class mail (postage prepaid), a copy of such notice not more than sixty days and not less than thirty days before the redemption date to the registered owners of any Notes which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice or any defect therein shall not affect the validity of the proceedings for the redemption of Notes.

Notice having been given by publication in the manner provided, the Notes so called for redemption shall become due and payable on the redemption date so designated at the redemption price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, together with all appurtenant coupons maturing subsequent to the redemption date, such Notes shall be paid at the redemption price plus interest accrued and unpaid to the redemption date not represented by coupons for matured interest installments. All interest installments represented by coupons which shall have matured on or prior to the redemption date shall continue to be payable to the bearers of such coupons. If, on the redemption date, moneys for the redemption of all the Notes to be redeemed, together with interest to the redemption date, shall be held by the paying agent or co-paying agent so as to be available therefor on said date and if notice of redemption shall have been published as aforesaid, then, from and after the redemption date interest on the Notes so called for redemption shall cease to accrue and become payable, and the coupons for interest appertaining thereto maturing subsequent to the redemption date shall be void. If said moneys shall not be so available on the redemption date, such Notes shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

This Note may be registered as to principal only in the name of the owner on the registry books of the City Comptroller, such registration to be evidenced by notation of said City Comptroller on the back hereof, and after such registration, no transfer hereof except upon such books and similarly noted hereon shall be valid, unless the last registration shall have been to bearer. Registration hereof shall not affect the negotiability of the interest coupons attached hereto which shall continue to be negotiable by delivery.

This Note constitutes a general obligation and debt of the City, and the full faith and credit of the City are irrevocably pledged to the punctual payment of the principal of and interest on this Note in accordance with its terms. This Note and the series of which it is a part are secured by a pledge of proceeds of real property taxes levied by the City (to the extent not abated as provided in the Note Ordinance), as provided in the Note Ordinance.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, to have happened and to have been performed precedent to and in connection with the issuance of this Note do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that the total indebtedness of the City, including this Note and the series of which it is a part, does not exceed any constitutional or statutory limitation.

In Witness Whereof, the City of Chicago, Illinois, by its City Council, has caused this Note to be executed by the manual or facsimile signatures of its Mayor and its City Comptroller and attested by the manual signature of its City Clerk or its Deputy City Clerk, its corporate seal to be affixed, impressed

*For Notes maturing December 1, 1983 and December 1, 1984, insert "unless and until this Note shall have been duly called for previous redemption and payment provided for."

**For Notes maturing December 1, 1982, delete this and the next two paragraph relating to redemption.

or printed hereon, and the interest coupons attached hereto to be executed by the facsimile signatures of said Mayor and said City Clerk, all as of August 1, 1981.

....
Mayor, City of Chicago

....
City Comptroller

....
City Clerk

(Form of Coupon Payable Prior to June 1, 1983)

Number.......... $..........

On ...., 198.., the City of Chicago, Illinois (the "City"), promises to pay to bearer .... Dollars ($..........) in lawful money of the United States of America at the Office of the City Treasurer of the City in Chicago, Illinois, or, at the option of the holder, at the office of Morgan Guaranty Trust Company of New York in New York, New York, for interest due that day on its General Obligation Note, Series of August, 1981, dated August 1, 1981.

Number

....
Mayor, City of Chicago

....
City Clerk,
City of Chicago

(Form of Coupon Payable On or After June 1, 1983)

Number.......... $..........

On ....1, 198.., unless the Note hereinafter mentioned shall have been duly called for previous redemption and payment provided for, the City of Chicago, Illinois (the "City"), promises to pay to bearer .... Dollars ($..........) in lawful money of the United States of America at the office of the City Treasurer of the City in Chicago, Illinois, or, at the option of the holder, at the office of Morgan Guaranty Trust Company of New York in New York, New York, for interest due that day on its General Obligation Note, Series of August, 1981, dated August 1, 1981.

Number

....
Mayor, City of Chicago

....
City Clerk,
City of Chicago

(FORM OF REGISTRATION)

Date	*Registered Owner*	*Signature of the City Comptroller of the City of Chicago*
....	....	....
....	....	....
....	....	....
....	....	....

Section 5. Each Note shall be a direct and general obligation of the City to the payment of which (as to both principal and interest) the City pledges its full faith and credit. Each Note shall be payable (both as to principal and interest) from any moneys, revenues, receipts, income, assets or funds of the City legally available for such purpose, including but not limited to the proceeds of the Pledged Taxes (as defined in Section 6 hereof).

Section 6. For the purpose of providing the funds required to pay the principal of and interest (at the maximum rate or rates authorized pursuant to Section 2 hereof) on the Notes promptly as the same become due, there is hereby levied and there shall be collected a direct annual tax upon all taxable property in the City sufficient for such purpose, including but not in limitation of the foregoing, a tax sufficient to produce the following amounts for the following years:

Year of Levy	*Amount*
1981	$36,800,000
1982	$64,400,000
1983	$78,400,000

The term "Pledged Taxes" shall mean the taxes hereinabove levied for any levy year to be collected in the next succeeding year for the purpose of providing the funds required to pay (i) interest on the Notes becoming due on June 1 of such next succeeding year and (ii) principal of and interest on the Notes becoming due on December 1 of such next succeeding year, less any abatement thereof pursuant to this Section 6. Prior to the last date on which certificates of tax abatement with respect to the Pledged Taxes for any year of levy are permitted by the County Clerks of Cook and DuPage Counties, Illinois (the "County Clerks") to be filed, the City may, at its option, deposit into the Escrow Account (as hereinafter defined) any available moneys of the City in an amount not exceeding the amount required to pay the principal of and interest on the Notes when and as the same falls due during the year next succeeding such year of levy. If any funds have been so deposited or if any funds are otherwise on deposit in the Escrow Account, the City Comptroller shall, on or prior to such date, file certificates of tax abatement with respect to the tax hereinabove levied for such levy year in the offices of such County Clerks and shall concurrently file copies thereof in the office of the City Clerk. Such certificates shall refer to the amount of taxes hereinabove levied for such levy year for the payment of principal of and interest on the Notes during the next succeeding year and shall indicate the amount of funds then on deposit in the Escrow Account, which amount is to be abated from the taxes herein levied for such levy year, and further indicating the remainder of such taxes herein levied for such levy year which are to be extended for collection by said respective County Clerks.

Section 7. The City shall appropriate amounts sufficient to pay principal of and interest on the Notes for the years such amounts are due, but, if for any such year it fails to do so, this Ordinance shall constitute a continuing appropriation ordinance of such amounts without any further action on the part of the City Council.

Section 8. There is hereby established a special account, separate and segregated from all other funds and accounts of the City, to be designated "Escrow For Payment of City of Chicago General Obligation Notes, Series of August, 1981" (the "Escrow Account"), said Escrow Account to be maintained with Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, as escrow agent (the "Escrow Agent"), pursuant to an agreement entitled "Escrow Agreement (General Obligation Notes, Series of August, 1981)" (the "Escrow Agreement") between the City and the Escrow Agent in substantially the form attached hereto as Exhibit A.

Section 9. The City Treasurer is hereby ordered and directed to deposit proceeds of the Pledged Taxes and other moneys into the Escrow Account in accordance with the terms of the Escrow Agreement. Moneys so deposited in the Escrow Account shall be invested in accordance with the Escrow Agreement and shall be used solely and only for the purpose of paying principal of and interest on the Notes so long as any Notes remain outstanding. The City hereby pledges, as security for the Notes, all present and future proceeds of the Pledged Taxes for the sole benefit of the holders of the Notes. Holders of the Notes shall have a claim against the levy therefor and a first and prior lien upon all present and future proceeds of such levy, and upon all moneys deposited in the Escrow Account for the purpose of paying principal of and interest on the Notes, but only after such proceeds and moneys are deposited in the Escrow Account and only until the principal of and interest on the Notes are paid in full or until such proceeds and moneys are withdrawn or removed from the Escrow Account pursuant to the Escrow Agreement. On each interest payment date, moneys in the Escrow Account shall be transferred in accordance with the Escrow Agreement.

In the event that the taxes hereinabove levied have not been abated for any levy year and proceeds of such taxes are not available in time to make any payments of principal of or interest on the Notes when due, then the fiscal officers of the City are hereby directed to make such payments in accordance with the Escrow Agreement from any other moneys, revenues, receipts, income, assets or funds of the City that are legally available for that purpose in advancement of the collection of such taxes and when the proceeds of such taxes are received, such other funds shall be replenished, all to the end that the credit of the City may be preserved by the prompt payment of the principal of and interest on the Notes as the same become due.

Section 10. A copy of this Ordinance, duly certified by the City Clerk, shall be filed in the respective offices of the County Clerks, and such filing shall constitute the authority for and it shall be the duty of said County Clerks in each year beginning in 1981 to and including 1983, to extend the taxes levied pursuant to Section 6 hereof for collection, such taxes to be in addition to and in excess of all other taxes heretofore or hereafter authorized to be levied by the City on its behalf.

Section 11. The City Comptroller is hereby authorized to sell the Notes, with the concurrence of the Chairman of the Committee on Finance of the City Council, either pursuant to advertised notice and the receipt of sealed bids, such sale to be on the basis of not less than ninety-eight percent (98%) of par and the lowest interest cost to the City, or pursuant to a negotiated sale at a price of not less than ninety-eight percent (98%) of par and on such terms as they may deem to be in the best interests of the City (which terms may be set forth in a note purchase or underwriting agreement which they are hereby authorized to execute and deliver); provided that, in either case, the interest rate for the Notes of each maturity shall not exceed the rate specified therefor in Section 2 hereof. Subsequent to such sale, the City Comptroller shall file in the office of the City Clerk a notification of sale directed to the City Council setting forth the name of the purchaser or purchasers of the Notes, the terms of the sale, and the interest rate or rates on the Notes, and thereafter the Notes shall be duly prepared and executed in the form and manner provided herein and delivered to the City Treasurer for delivery to the purchaser or purchasers in accordance with the terms of sale.

In the event that the Notes of any maturity are sold bearing an interest rate or rates less than the rate specified therefor in Section 2 hereof, then the City Comptroller shall include in the notification of sale referred to above further information to indicate the amount of reduction in interest cost to the City resulting from such sale at a lower rate or rates of interest, and, in addition, the City Comptroller shall file in the respective offices of the County Clerks certificates of tax abatement. Such certificates shall refer to the amount of taxes levied pursuant to Section 6 hereof, shall indicate the amount of reduction in interest cost to the City resulting from the sale of the Notes at a lesser rate or rates of interest than the rate or rates specified therefor in Section 2 hereof, which reduced amount is to be abated from such taxes, and shall further indicate the remainder of such taxes which are to be extended for collection by said County Clerks.

The proceeds from the sale of the Notes (after payment of the costs of issuance and deposit into the Escrow Account of an amount sufficient to pay interest due on the Notes on December 1, 1981) shall be used to pay or reimburse the City for payment of costs of the City's Corporate Fund.

Section 12. The City covenants that it will take no action in the investment of the proceeds of the Notes which would result in making the interest payable on any of the Notes subject to federal income taxes by reason of the Notes being classified as "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended.

Section 13. The Escrow Agreement, in substantially the form attached hereto as Exhibit A, shall be entered into and the same is hereby approved and shall be executed for and on behalf of the City by the Mayor, the City Treasurer and the City Comptroller, attested by the City Clerk or Deputy City Clerk, and shall have the corporate seal of the City affixed thereto.

Section 14. This Ordinance is made pursuant to the powers of the City as a home rule unit under Article VII of the 1970 Illinois Constitution. The appropriate officers of the City are hereby authorized to take such actions and do such things as shall be necessary to perform, carry out, give effect to and consummate the transactions contemplated by this Ordinance, the Notes and the Escrow Agreement.

Section 15. The Mayor and the City Comptroller may each designate another to act as their respective proxies and to affix their respective signatures to the Notes, the Escrow Agreement, and any other instrument, certificate, agreement or document required or permitted to be signed by the Mayor or the City Comptroller pursuant to this Ordinance or the Escrow Agreement. In such case, each shall send to the City Council written notice of the person so designated by each, such notice stating the name of the person so selected and identifying the instruments, certificates, agreements and documents which such person shall be authorized to sign as proxies for the Mayor and the City Comptroller, respectively. A written signature of the Mayor or of the City Comptroller, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with the signatures attached, shall be recorded in the Journal of the Proceedings of the City Council and then filed with the City Clerk. When the signature of the Mayor is placed on an instrument, certificate, agreement or document at the direction of the Mayor in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor in person. When the signature of the City Comptroller is so affixed to an instrument, certificate, agreement or document at the direction of the City Comptroller, the same, in all respects, shall be binding on the City as if signed by the City Comptroller in person.

Section 16. The Notes herein authorized may be initially issued in temporary form exchangeable for definitive Notes when ready for delivery. The temporary Notes shall be of such denomination or denominations, with or without coupons, as may be mutually agreed upon between the City Comptroller and the purchasers and may contain such reference to any of the provisions of this Ordinance as may be appropriate. Every temporary Note shall be executed by the officials of the City upon the same conditions and in substantially the same manner as the definitive Notes. If temporary Notes are issued, the City will use its best efforts to furnish and execute the definitive Notes without delay and thereupon the temporary Notes may be surrendered for cancellation and exchanged therefor. Until so exchanged the temporary Notes shall be entitled to the same benefits under this Ordinance as definitive Notes duly executed and delivered hereunder.

Section 17. To the extent that any statutes, ordinances, resolutions, rules or orders, or parts thereof, are in conflict with the provisions of this Ordinance, the provisions of this Ordinance shall be controlling. If any provisions of this Ordinance shall be prohibited by or invalid under Illinois or Federal law, that provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of the provision or the remaining provisions of this Ordinance. This Ordinance shall be published by the City Clerk by causing to be printed in pamphlet form at least 100 copies hereof, which copies are to be made available in his office for public inspection and distribution to members of the public who may wish to avail themselves of a copy of this Ordinance, and this Ordinance shall be in full force and effect from and after its passage, approval by the Mayor and publication as provided by law.

[Escrow Agreement attached to this Ordinance reads as follows]:

This Escrow Agreement, dated as of August 1, 1981, by and between the City of Chicago, Illinois, a body politic and corporate under the laws of the State of Illinois and a home rule unit under Article VII of the 1970 Constitution of the State of Illinois, and Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, as escrow agent, not individually, but in the capacity as hereinafter described, a national banking association organized and existing under the laws of the United States of America, with its principal office in Chicago, Illinois, in consideration of the mutual promises and agreements herein set forth:

WITNESSETH:

ARTICLE I. *Definitions*

The following words and terms used in this Agreement shall have the following meanings unless the context or use indicates another or different meaning:

1.01. "Additional Deposits" has the meaning set forth in Section 2.02(B) hereof.

1.02. "Agreement" means this Agreement between the City and the Escrow Agent.

1.03. "City" means the City of Chicago, Illinois, a body politic and corporate under the laws of the State of Illinois and a home rule unit under Article VII of the 1970 Constitution of the State of Illinois.

1.04. "Comptroller" means the City Comptroller of the City.

1.05. "Escrow Account" means the special account created by the Note Ordinance and Section 2.01 hereof for the purpose of holding funds for the payment of principal of and interest on the Notes, and designated as the "Special Escrow for Payment of City of Chicago General Obligation Notes, Series of August, 1981".

1.06. "Escrow Agent" means Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, as escrow agent, and any successor thereto as Escrow Agent.

1.07. "Note Ordinance" means the ordinance passed by the City Council of the City on July ...., 1981, authorizing the issuance of the Notes, the execution of this Agreement and the establishment of the Escrow Account, and providing for the levy and collection of the Pledged Taxes, together with all ordinances supplemental thereto or amendatory thereof.

1.08. "Notes" means the $140,000,000 aggregate principal amount of General Obligation Notes, Series of August, 1981, of the City issued pursuant to the Note Ordinance.

1.09. "Paying Agents" means the Treasurer and any other paying agent designated in the Note Ordinance.

1.10. "Permitted Investments" means: (a) interest bearing general obligations of the United States; (b) United States treasury bills and other non-interest bearing general obligations of the United States when offered for sale in the open market at a price below the face value of same, so as to afford the City a return on such investment in lieu of interest; (c) time deposits evidenced by certificates of deposit issued by financial institutions (which may include the Escrow Agent) which are members of the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, provided that such time deposits are continuously secured by obligations described in clauses (a), (b) or (d) of this Section 1.10 having at all times a market value at least equal to the maturity value of the deposits so secured including accrued interest; (d) short-term discount obligations of the United States Government or United States Government agencies fully guaranteed as to principal and interest by the United States Government; and (e) repurchase agreements with the financial institutions described in clause (c) of this Section 1.10 (which may include the Escrow Agent) and government bond dealers reporting to, trading with, and recognized as primary dealers by, a Federal Reserve Bank, the underlying securities of which are obligations described in clauses (a), (b) or (d) of this Section 1.10, provided that the underlying securities are required to be continuously maintained at a market value of not less than the amount so invested.

1.11. "Pledged Taxes" in respect of any Year means the direct annual taxes levied by the City upon all taxable property in the City pursuant to the Note Ordinance (less any abatements thereof authorized by the Note Ordinance) for collection in such Year for the purpose of providing funds required to pay (i) interest on the Notes becoming due on June 1 of such Year and (ii) principal of and interest on the Notes becoming due on December 1 of such Year.

1.12. "Treasurer" means the Treasurer of the City.

1.13. "Year" means a calendar year.

ARTICLE II. *Creation of the Escrow*

2.01. Establishment of Escrow Account. The Escrow Account is hereby established with the Escrow Agent pursuant to the Note Ordinance and this Agreement, separate and segregated from all other funds and accounts of the City.

2.02. Pledged Taxes and Additional Deposits. Pursuant to the Note Ordinance and for the purpose of providing the funds required to pay principal of and interest on the Notes as the same become due, the Pledged Taxes and the Additional Deposits shall be paid to the Escrow Agent for deposit in the Escrow Account in accordance with the following procedures:

(A) Pledged Taxes—Prior to the receipt of the first distribution of collections of property taxes in each Year, commencing in 1982, the Comptroller shall issue to the Treasurer (with a copy to the Escrow Agent) a Segregation Order specifying the percentage of each distribution to be received during such Year which is attributable to the Pledged Taxes and directing that such percentage of each such distribution be segregated and paid to the Escrow Agent. Promptly upon receipt of each such distribution of property taxes from the County Collector, The Treasurer shall so segregate and pay to the Escrow Agent for deposit in the Escrow Account an amount equal to the amount of such distribution multiplied by the percentage specified in the Segregation Order.

(B) Additional Deposits—In the event that sufficient moneys are not on deposit in the Escrow Account to make any required principal or interest or redemption payment on the Notes when due, then other moneys of the City shall be paid to the Escrow Agent for deposit therein (the "Additional Deposits"), not less than one (1) business day before such principal or interest or redemption payment is due, in an amount sufficient to provide for the timely payment thereof.

Such segregations, payments and deposits shall continue during each Year, but only until an amount has been so deposited which, together with all moneys on deposit in the Escrow Account, is sufficient to pay (i) interest on the Notes becoming due on June 1 of such Year and (ii) principal of and interest on the Notes becoming due on December 1 of such Year, and thereafter no further deposits shall be required during such Year.

2.03. Other Deposits. To the extent that the Note Ordinance provides for or permits the deposit into the Escrow Account of proceeds of the Notes or other moneys for the purpose of paying principal of or interest on the Notes, upon deposit such amounts shall be held hereunder and applied in accordance with the Note Ordinance and the provisions hereof.

ARTICLE III. *Operation of the Escrow Account*

3.01. Amounts Held in Escrow Account. Moneys deposited in the Escrow Account shall be used solely and only for the purpose of paying principal of and interest on the Notes and shall not be used for any other purpose (other than making investments permitted by Section 3.03 hereof) so long as any Notes remain outstanding. The holders of the Notes shall have a first and prior lien upon all moneys deposited in the Escrow Account, including (i) all present and future proceeds of the Pledged Taxed, (ii) the Additional Deposits, and (iii) any other deposits, but only after such moneys are deposited in the Escrow Account and only until the principal of and interest on the Notes are paid in full or until such moneys are withdrawn or removed from the Escrow Account pursuant to this Section 3.01 or Section 3.03 hereof. After all payments due and to become due to holders of the Notes have been made or provided for, any amount remaining on deposit in the Escrow Account shall be paid to the City.

3.02. Payment of the Notes. On each interest payment and redemption date, the Escrow Agent shall withdraw from the Escrow Account and transfer to the Paying Agents moneys sufficient to pay principal of and interest on the Notes due on such date. All such transfers of money to the Paying Agents shall be in immediately available funds. The remittance by the Escrow Agent of such moneys to the Paying Agents shall fully release and discharge the Escrow Agent from any further duty or obligation with respect thereto under this Agreement. The Escrow Agent is authorized to liquidate any investments in the Escrow Account in order to make available moneys necessary to make such transfers.

3.03. Investment of Moneys in Escrow Account. Pending the need for the moneys deposited in the Escrow Account to be used to make principal or interest or redemption payments on the Notes, said moneys may be invested by the Escrow Agent in Permitted Investments in accordance with the written directions of the Comptroller, with written affirmation of the Treasurer. Investments shall be scheduled to mature within the time required to pay principal of and interest on the Notes when due.

The Escrow Agent shall report on the status of investment of moneys in the Escrow Account on a monthly basis pursuant to Section 3.04, and distributions of net earnings on Permitted Investments shall be paid as received to the City; *provided, however,* that at any time when the other moneys on deposit in the Escrow Account are not sufficient to make all payments due and to become due to holders of the Notes on June 1 and December 1 of the then current Year, net earnings on Permitted Investments shall first be used to make such payments to the extent such other moneys are insufficient.

3.04. Reports. The Escrow Agent shall submit to the Treasurer and the Comptroller a monthly statement by the 10th of each month, commencing in ...., 198.., itemizing all moneys received by it and all transfers and payments made by it under the provisions of this Agreement during the preceding month, and also listing the Permitted Investments on deposit therewith on the date of said report, including all moneys held by it received as interest on or profit from the Permitted Investments.

The Comptroller shall advise the Escrow Agent at least ten (10) days prior to each interest or redemption payment date of the amount of principal and/or interest becoming due on the Notes on such date. If it shall then appear to the Escrow Agent that the total moneys in the "Escrow Account, including deposits therein, investments and earnings on investments, will not be sufficient to make all payments due to the holders of the Notes on such date, the Escrow Agent shall notify the City not less than five (5) days prior to such date and the City shall make Additional Deposits pursuant to Section 2.02 hereof. Any failure by the Escrow Agent to so notify the City shall not relieve the City of its obligation to make Additional Deposits pursuant to Section 2.02 hereof.

3.05. Payment of Fees. The fees of the Escrow Agent and the Paying Agents shall be paid by the City. Such fees shall be competitive with fees charged for similar services by other banking institutions in the City.

ARTICLE IV. *Covenants*

The City and the Escrow Agent covenant and agree as follows:

4.01. The Escrow Agent shall have no responsibility or liability whatsoever for (a) any of the recitals herein (except those relating to its own organization), (b) the performance of or compliance with any covenant, condition, term or provision of the Notes or the Note Ordinance, and (c) any undertaking or statement of the City hereunder or under the Notes or the Note Ordinance. The Escrow Agent is not a trustee for the holders of the Notes and has no obligation in its capacity as Escrow Agent to enforce the rights of the holders of the Notes under the Note Ordinance of this Agreement.

4.02. The Escrow Agent has all the powers and duties herein set forth with no liability in connection with any act or omission to act hereunder, except for its own gross negligence or willful misconduct, and shall be under no obligation to institute any suit or action or other proceeding under this Agreement or to enter any appearance in any suit, action, or proceeding in which it may be a defendant or to take any steps in the enforcement of its, or any, rights and powers hereunder, nor shall it be deemed to have failed to take any such action, unless and until it shall have been indemnified to its satisfaction against any and all costs and expenses, outlays, counsel fees and other disbursements, including its own reasonable fees, and if any judgment, decree or recovery be obtained by the Escrow Agent, payment of all sums due it, as aforesaid, shall be a first charge against the amount of any such judgment, decree or recovery. The Escrow Agent shall promptly notify the City of any such suit, action or proceeding.

4.03. The Escrow Agent, in its separate capacity as a banking institution, may in good faith buy, sell or hold and deal in any of the Notes. The Escrow Agent may also, at the direction of the Comptroller and the Treasurer as provided in Section 3.03, invest for the Escrow Account in certificates of deposit issued by itself and in other Permitted Investments purchased from itself; *provided, however,* that the Escrow Agent shall not have or exercise any right of set-off with respect to the Escrow Account against any obligation of the City.

4.04. All transfers and payments to be made by, and all acts and things required to be done by, the Escrow Agent under the terms and provisions of this Agreement shall be made and done by the Escrow Agent without any further direction or authority of the City except as expressly provided herein.

4.05. The Escrow Agent is authorized, in its sole discretion, to disregard any and all notices or instructions given by the City or any other person, firm or corporation, except (i) only such notices or instructions as are hereinabove specifically provided for and (ii) orders or process of any court having jurisdiction duly entered or issued. If any property subject hereto is at any time attached, garnished, or levied upon under any court order or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof then, the Escrow Agent shall promptly notify the City thereof and in any of such events the Escrow Agent is authorized, in its discretion, to rely upon and comply with any such order, writ, judgment or decree which it is advised by legal counsel of its own choosing is binding upon it; and if it complies with any such order, writ, judgment or decree it shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annuled, set aside or vacated.

4.06. The Escrow Agent shall not be personally liable for any act taken or omitted hereunder if taken or omitted by it in good faith and in the exercise of its own best judgement. The Escrow Agent shall also be fully protected in relying upon any written notice, demand, certificate or document which it in good faith believes to be genuine.

4.07. The Escrow Agent shall not be responsible for the sufficiency or accuracy of the form, execution, validity or genuineness of any securities now or hereafter deposited hereunder, or of any endorsement thereon, or for any lack of endorsement thereon, or for any description therein, nor shall it be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any such document, security or endorsement. The Escrow Agent shall not be liable for any depreciation or change in the value of such investments.

4.08. If the Escrow Agent reasonably believes it to be necessary to consult with counsel concerning any of its duties in connection with this Agreement, or in case it becomes involved in litigation on account of being Escrow Agent hereunder or on account of having received property subject hereto, then in either case, its costs, expenses, and reasonable attorneys' fees shall be paid by the City of Chicago Office of the Corporation Counsel, Department of Law, upon timely notice thereof having been given.

4.09. This Agreement shall be construed, enforced, and administered in accordance with the laws of the State of Illinois, and shall inure to, and be binding upon, the respective successors and assigns of the parties hereto.

ARTICLE V. *Notices to the City and the Escrow Agent*

5.01. All notices and communications to the City shall be addressed in writing to:

The City Treasurer
Room 204
City Hall
Chicago Illinois 60602

The City Comptroller
Room 501
City Hall
Chicago, Illinois 60602

5.02. All notices and communications to the Escrow Agent shall be addressed in writing to:

Continental Illinois National Bank
and Trust Company of Chicago
30 North LaSalle Street
Chicago, Illinois 60693
Attention: Corporate Trust Department

Notices shall not be deemed to be given until actually received, in the case of the City, by an employee in the office of either the Comptroller or the Treasurer and, in the case of the Escrow Agent, by an officer in its Trust Department or other Trust Department employee administering the Escrow Account. The Escrow Agent shall at all times keep the City informed as to the names of its officers and other employees who are directly involved in the administration of the Escrow Account. Whenever under the terms hereof the time for giving a notice or performing an act falls upon a Saturday, Sunday, or holiday, such time shall be extended to the next business day.

ARTICLE VI. *Resignation of Escrow Agent*

The Escrow Agent may at any time resign as escrow agent under this Agreement by giving thirty days written notice to the City, and such resignation shall take effect upon the appointment of a successor Escrow Agent by the City. The City may select as successor Escrow Agent any financial institution located within the City which is authorized to maintain trust accounts under Federal or Illinois law.

ARTICLE VII. *Alteration and Termination of Agreement*

The City and the Escrow Agent may change and alter the terms of this Agreement for the following purposes:

(A) to correct errors, clarify ambiguities or insert inadvertently omitted material; or

(B) to alter the procedures of Article II or III of this Agreement and definitions pertaining thereto necessitated by changes in Illinois law and procedures thereunder with respect to the collection, abatement and distribution of taxes;

provided, however that such changes and alterations shall not materially affect the protections provided by this Agreement to the holders of the Notes.

Upon the payment in full of all of the Notes as hereinabove provided for, the Escrow Agent shall transfer any balance remaining in the Escrow Account to the Treasurer with due notice thereof given the City, and thereupon this Agreement shall terminate.

In Witness Whereof, the City of Chicago has caused this Agreement to be signed in its name by its Mayor, its Treasurer and its Comptroller, attested by its City Clerk or its Deputy City Clerk, and the corporate seal of the City to be affixed hereto; and Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, not individually but in the capacity as hereinabove described, has caused this Agreement to be signed in its corporate name by one of its Vice Presidents and attested by one of its Trust Officers under its corporate seal hereunto affixed, all as of the date first above written.

City of Chicago, Illinois

(Seal)

By ....
Mayor

Attest:

By ....
Treasurer

....
City Clerk

By ....
Comptroller

Continental Illinois National Bank and Trust Company of Chicago,as Escrow Agent

(Seal)

By ....
Vice President

Attest:

....
Trust Officer

Action Deferred—ON PROPOSED ORDINANCE AUTHORIZING A SUPPLEMENTAL APPROPRIATION FOR YEAR 1981.

The Committee on Finance submitted the following report, which was, on motion of Alderman Frost and Alderman Marzullo, *Deferred* and ordered published:

CHICAGO, July 16, 1981.

To the President and Members of the City Council:

Your Committee on Finance, to which was referred a communication from the Office of the Mayor transmitting a proposed ordinance authorizing a supplemental appropriation for the year 1981 having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,
(Signed) WILSON FROST,
Chairman.

The proposed ordinance transmitted with the foregoing committee report reads as follows:

Whereas, The City of Chicago has adopted a Chicago Service Tax and a Chicago Sales Tax and revised the Municipal Cigarette Tax and approved a borrowing of $140,000,000 for corporate purposes subsequent to the adoption of the Annual Appropriation Ordinance for 1981 (and amendments and supplemental appropriations thereto); and

Whereas, The estimate of revenue to be derived from the Chicago Service Tax for the remainder of year 1981 is $21,000,000 and the revenue to be derived from the Chicago Sales is $30,000,000 and additional revenue from the Municipal Cigarette Tax is $5,200,000 and the revenue from the borrowing is $140,000,000; now, therefore,

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

Section 1. The revenues available to the City of Chicago for Corporate Purposes Fund for the fiscal year beginning January 1, 1981 have changed as follows:

Addition of Chicago Service Tax in the amount of $21,000,000

Addition of Chicago Sales Tax in the amount of $30,000,000

Additional Municipal Cigarette Tax receipts of $5,200,000

Addition of note proceeds of $140,000,000.

Section 2. The following amounts (indicated by an asterisk (*)) are hereby appropriated from the Corporate Purposes Fund for the fiscal year beginning January 1, 1981 and ending December 31, 1981 for the following objects and purposes, said amounts being in addition to the appropriations made by the annual appropriation ordinance for 1981 and amendments thereto:

Department of Finance-General
100.9112

*9112.815	For payment of expenses related to the implementation of the Chicago Service Tax and Chicago Sales Tax	$ 1,200,000
*9112.964	Deferred Transit Funding	$ 95,000,000
*9112.999	For Grants to Chicago Transit Authority	$100,000,000.

Section 3. This ordinance takes effect on the first day of the first month after its due passage and publication.

Action Deferred—ON PROPOSED ORDINANCE AUTHORIZING AN AGREEMENT BETWEEN CITY AND C.T.A. PROVIDING FOR PURCHASE OF C.T.A. ACCOUNTS RECEIVABLE BY CITY.

The Committee on Finance submitted the following report, which was, on motion of Alderman Frost and Alderman Marzullo, *Deferred* and ordered published:

CHICAGO, July 16, 1981.

To the President and Members of the City Council:

Your Committee on Finance, to which was referred a communication from the Office of the Mayor transmitting a proposed ordinance authorizing an agreement between the City of Chicago and the Chicago Transit Authority providing for the purchase of Chicago Transit Authority Accounts receivable by the City of Chicago having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,
(Signed) WILSON FROST,
Chairman.

The proposed ordinance transmitted with the foregoing committee report reads as follows:

Whereas, The uninterrupted operation of public transportation in the City of Chicago is essential to the public health, safety and welfare, economic well-being and maintenance of full employment; and

Whereas, An emergency exists in the City because the Chicago Transit Authority ("CTA") is unable to obtain funds needed to continue to provide essential public transportation services to the public in accordance with its franchise agreement with the City and without such funds the CTA will be unable to pay salaries and wages to its employees and amounts owed to vendors and suppliers and will be required to cease operating; and

Whereas, The cessation of operations by the CTA would create a clear and present danger to the health, safety and welfare of the City and other communities in the Chicago metropolitan area and throughout the State of Illinois and would have serious adverse consequences for the economies of the City, the Chicago metropolitan area and the State as a whole; and

Whereas, The City has available for investment certain funds which are not immediately necessary for other City purposes and desires to invest such funds at a reasonable return; now, therefore,

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

Section 1. The Mayor and City Comptroller of the City are hereby authorized to execute and deliver an Agreement (the "Agreement") between the City and the CTA, in substantially the form attached as Exhibit A, providing for the investment of up to $20,000,000 of the City's general funds through a purchase from the CTA of all of its Accounts (as defined in the Agreement) such purchase to be made on the terms and conditions provided in the Agreement, including the obligation of the CTA to repurchase all or part of such Accounts upon certain conditions at a price which will result in a reasonable return to the City.

Section 2. The authorization granted by this Ordinance is granted notwithstanding the limitations set forth in Section 41 of Chapter 7 of the Municipal Code of the City of Chicago and such authorization shall be in addition to the powers set forth in Section 41 of Chapter 7 of the Code.

Section 3. This ordinance shall be in full force and effect from and after its passage and approval by the Mayor.

[Agreement attached to this Ordinance reads as follows]:

This Agreement dated as of the .... day of July, 1981 between the City of Chicago, a municipal corporation and home rule unit existing under the laws of the State of Illinois (hereinafter the "City") and the Chicago Transit Authority, a unit of local government and a body politic and corporate existing under the laws of the State of Illinois (hereinafter the "CTA");

WITNESSETH:

Whereas, the CTA presently provides transportation services in the City pursuant to the Metropolitan Transportation Act and a franchise granted by the City; and

Whereas, the CTA is experiencing severe financial difficulties and desires to sell and convey certain assets which are not presently useful in its operation in order to provide operating cash to enable the CTA to continue to provide such transportation services to the people of Chicago; and

Whereas, the CTA owns certain Accounts (as hereinafter defined), which are payable to the CTA by the Regional Transportation Authority, a unit of local government and a body politic and corporate (hereinafter "RTA); and

Whereas, the City has available certain funds which are not immediately necessary for other City purposes and is willing to purchase the Accounts (as hereinafter defined) of the CTA as an investment on the terms herein set forth in order to provide operating cash to the CTA to enable the CTA to continue to provide transit service in the City.

Now, Therefore, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Sale of Accounts. The CTA hereby assigns, conveys and sells to the City, as absolute owner thereof, all of its right, title and interest in and to those certain accounts, accounts receivable, chooses in action, contract rights, and all other forms of obligations owing from or payable by the RTA, whether in the form of accounts payable, gifts, grants, entitlements, indemnities, reimbursements or otherwise, including the CTA's share of RTA taxes and federal and state grants, identified on Schedule A hereto including all cash and other proceeds thereof (all of which are designated collectively herein as "Accounts"). The CTA agrees not to assign, convey, sell, pledge or otherwise encumber the Accounts to or for the benefit of any other person.

2. Collection. The CTA appoints the City its agent for the collection of all sums due in respect of all Accounts sold by it to the City. The CTA covenants and undertakes that it will not in any way interfere with or attempt to interfere with the City's collection of sums due in respect of the Accounts.

3. Purchase Price. The purchase price for the Accounts shall be $20,000,000, payable in stallments as follows: provided, however, that in the event of a repurchase of uncollected Accounts by the CTA pursuant to Paragraph 5 hereof, the City shall have no further obligation to pay under this Paragraph.

3. The initial installment shall be in the amount of $............., payable upon the execution of this Agreement. Subsequent installments, if any, shall be paid from time to time in such amounts and at such times prior to September 30, 1981 as the City shall, at its option, specify.

4. Conditions. This Agreement and the sale of Accounts are subject to the conditions that prior to the execution and delivery of this Agreement the Board of the RTA shall have approved the sale of the Accounts and the RTA shall have executed a written consent to such sale.

5. Repurchase of Accounts.

(a) The CTA shall have the right and option at any time on demand, to repurchase all uncollected Accounts from the City at the repurchase price and on the terms set forth in Paragraph 5(c).

(b) In the event the City, the RTA, the State of Illinois or another governmental entity makes a grant or otherwise provides funding to the CTA in an amount sufficient to enable the CTA to repurchase all uncollected Accounts from the City at the repurchase price set forth in Paragraph 5(c), the CTA shall repurchase such uncollected Accounts at such repurchase price and on the terms set forth in Paragraph 5(c).

(c) The repurchase price for uncollected Accounts repurchased by the CTA pursuant to Paragraph 5(a) or (b) shall be an amount equal to (i) the aggregate amount of purchase price installments paid to the CTA pursuant to Paragraph 3 from the date hereof to the date of such repurchase (the "Cash Payments"), plus (ii) interest from the date hereof to the date of repurchase on the amount of Cash Payments which from time to time have from time to time have been received by the CTA at the rate of 1% per month, computed on the basis of 30-day months, minus (iii) the aggregate amount of the City's cash collections, if any, from Accounts to the date of repurchase. The repurchase price shall be paid in cash against delivery by the City of a bill of sale or other instrument documenting the reconveyance of the Accounts to the CTA.

6. Amendments. The parties agree that no change or modification to this Agreement shall be of any force or effect unless the amendment is dated and is reduced to a writing executed by all parties hereto. No costs or obligations shall be incurred in consequence of any amendment to this Agreement unless and until such a written amendment has been executed.

In Witness Whereof, the parties hereto have caused this Agreement to be made effective and executed as of the date set forth below by their respective duly authorized officials.

Date: ....

City of Chicago

Attest:

By: ....
Mayor

....
City Comptroller

Chicago Transit Authority

By: ....
Chairman

Attest:

....

Action Deferred—ON PROPOSED ORDINANCE AUTHORIZING THE EXECUTION OF A GRANT AGREEMENT BETWEEN CITY AND C.T.A. NECESSARY FOR MAINTENANCE OF PUBLIC TRANSPORTATION SERVICES.

The Committee on Finance submitted the following report, which was, on motion of Alderman Frost and Alderman Marzullo, *Deferred* and ordered published:

CHICAGO, July 16, 1981.

To the President and Members of the City Council:

Your Committee on Finance, to which was referred a communication from the Office of the Mayor transmitting a proposed ordinance authorizing the execution of a grant agreement between the City of Chicago and the Chicago Transit Authority necessary for the maintenance of public transportation services having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,
(Signed) WILSON FROST,
Chairman.

The proposed ordinance transmitted with the foregoing committee report reads as follows:

Whereas, The uninterrupted operation of public transportation in the City of Chicago ("City") is essential to the public health, safety and welfare, economic well-being and maintenance of full employment; and

Whereas, The Chicago Transit Authority ("CTA") was established by an act of the Illinois General Assembly to consolidate and operate public transportation within the City and adjacent suburbs; and

Whereas, The CTA has been granted a franchise from the City to operate a public transportation system within the City; and

Whereas, An emergency exists in the City because the CTA is unable to obtain funds needed to continue to provide essential public transportation services to the public and without such funds the CTA will be unable to pay salaries and wages to its employees and amounts owed to vendors and suppliers and will be required to cease operating; and

Whereas, The cessation of operations by the CTA would create a clear and present danger to the health, safety and welfare of the City and other communities in the Chicago metropolitan area and throughout the State of Illinois and would have serious adverse consequences for the economies of the City, the Chicago metropolitan area and the State as a whole; and

Whereas, The City wishes to provide funds to the CTA to prevent a cessation of its operations and to enable the CTA to continue to carry out the obligations under its franchise; now, therefore,

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

Section 1. The Mayor and City Clerk are hereby authorized to execute and deliver a Grant Agreement (the "Agreement") between the City and the CTA, in substantially the form attached as Exhibit A, providing for a grant by the City to the CTA of up to $100,000,000 for the purpose of providing operating funds for transportation services within the City, such grant to be made upon the terms and conditions set forth in the Agreement.

Section 2. This ordinance shall be in full force and effect from and after its passage, approval by the Mayor and publication as provided by law.

[Agreement attached to this ordinance reads as follows]:

This Agreement, effective as of .... by and between the City of Chicago, a Municipal Corporation (the "City") and the Chicago Transit Authority, a municipal corporation (the "Authority").

WITNESSETH:

Whereas, the Authority was established by statute to consolidate and operate public transportation within the City of Chicago and adjacent suburbs; and

Whereas, the Authority has been granted a franchise from the City to operate a public transportation system within the City; and

Whereas, the Authority has been a party to agreements with the Regional Transportation Authority (the "RTA"), pursuant to which the RTA has agreed to supply the Authority's public funding requirements, as herein defined; and

Whereas, the taxes, revenues and other funds of the RTA have been insufficient to meet the RTA's obligation to supply the Authority's public funding requirements; and

Whereas, the Authority has represented to the City that it cannot continue to fulfill is obligations under its franchise agreement without additional public funding from the City; and

Whereas, the City and the Authority are units of local government as provided in the 1970 Constitution (Art. VII, Sec. 6); and

Whereas, the 1970 Illinois Constitution (Art. VII, Sec. 10) and the Illinois Revised Statutes, Ch. 127, Sec. 741-748, provide authority for intergovernmental cooperation, and, in Sec. 744, provide authority for establishment of an administrative joint body; and

Whereas, funding and operation of the Authority's public transportation system may be dealt with more effectively through the joint efforts of the City and the Authority, and by an administrative joint commission formed by the City and the Authority; now, therefore,

In consideration of the premises and for good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Grant of Public Funds

(a) Subject to the terms and conditions of this Agreement, the City hereby agrees to grant to the Authority, from the general corporate fund of the City of Chicago, to be used by the Authority in providing public transportation services during the grant period, a sum equal to the difference between (a) the public funding requirements of the Authority, as defined in the agreement between the RTA and the Authority dated August 1, 1981 (the "RTA Agreement"), and (b) the sum equal to the funds provided by the RTA to the Authority pursuant to the RTA Agreement; provided that in no event shall the aggregate sum paid by the City to the Authority as provided for herein exceed One Hundred Million Dollars for the period ending December 31, 1981, or thereafter exceed such funds as are appropriated by the City Council of the City of Chicago.

(b) Such grant shall be considered a supplement to the current revenue sources of the Authority and in no manner shall be considered as a replacement for sources of operating revenue, including but not limited to, fares and the Financial Assistance Grant from the Regional Transportation Authority, currently received by the Authority.

(c) Such grant shall be conditional on the Authority's renegotiation and modification of all existing contracts whose provisions conflict with any of the provisions of this grant agreement.

2. Payment of Grant

(a) The payment of the grant shall be made directly to the Authority in allotments as determined by the Comptroller of the City of Chicago upon application by the Authority.

(b) The payment of the grant is subject to the availability of sufficient funds in the general corporate fund of the City of Chicago and no allotment shall be paid if to do so would adversely affect the cash position of the City. The determination as to availability of such funds and of the City's cash portion shall be made by the Mayor of the City of Chicago and such determination shall be in the sole discretion of the Mayor.

3. Use of Grant Proceeds

(a) The proceeds of the grant shall be used by the Authority solely for the purpose of (i) operation of public transportation within the City; (ii) wages and benefits of Authority employees; (iii) payments to vendors of the Authority for services duly related to the operation of public transportation.

(b) Should the Authority wish to use the proceeds of this grant for purposes other than those specified above, the City, upon approval of the Mayor, may authorize such use. Such approval shall be within the sole discretion of the Mayor of the City of Chicago.

4. Termination of Grant

(a) If any of the following events occur during the period of this Agreement, the grant specified herein shall be terminated:

1) The cessation of public transportation services within the City by the Authority;

2) Termination of the RTA Agreement;

3) Termination or current level of payment by the Regional Transportation Authority of grant funds under the RTA Agreement;

4) Written notice from the City, by its Mayor, that funds are no longer available for payment of this grant;

5) The failure of the Authority to conform to or perform any term, convenant or condition of this Agrement.

(b) Termination of this Agreement shall be effective immediately upon written notice by the City, through its Mayor, delivered to the chief operating officer of the Authority.

5. Repayment of Grant

In the event the Authority's own cash resources exceed existing or projected cash requirements, the City, through its Mayor, may demand and shall be entitled to, repayment of any grant made under this Agreement.

6. Administrative Joint Commission

(a) In order to insure the efficient application of the funds provided hereunder, and in order to maintain and enhance the continued efficient operation of the public transportation system by the Authority, there shall be created and established as an agency of both the City and the Authority, an administrative joint commission (the "Commission") which shall be the joint body administering public transportation services for the City and the Authority to the exent enumerated herein. The Commission shall be comprised of 13 members, seven of which shall be the members of the Chicago Transit Board created pursuant to the Metropolitan Transit Authority Act approved by the General Assembly on April 12, 1945, as amended (the "MTA Act"), and the remaining six of which shall be persons appointed by the Mayor of the City, with the advice and consent of the City Council of the City. Members appointed by the Mayor shall serve at the pleasure of the Mayor, and may be officers or employees of the City. No member of the Commission shall receive any compensation whatsoever for services as a member thereof.

(b) The Commission shall establish any necessary procedural rules and regulations to govern its meetings and actions, which shall be subject to the Open Meetings Act and to the following:

1) Each member shall have one vote.

2) Seven members of the Commission shall constitute a quorum for the transaction of business. All action of the Commission shall be by the affirmative vote of at least seven members.

3) From time to time the Commission shall elect from its own number a chairman for the term of three years or for the term of his office as a member of the Commission, whichever is shorter.

4) Each member shall have at least three days notice of the times and agendas for meetings, unless waived.

5) A member may vote in writing, without being present in person at a meeting, on agenda items.

7. Service and Fares

The Authority agrees as conditions to the receipt of the proceeds of this grant that (i) it will not change or modify the nature or standards of the public transportation services, (ii) it will not cancel, eliminate or reduce any route or diminish service or scheduling along any route (except for normal seasonal route rescheduling), (iii) it will not add or expand any route or increase service or scheduling along any route which would cause an increase in the Authority's public funding requirements, (iv) it will not increase or decrease the level or nature of fares or charges on any route, (v) it will not cancel, terminate, alter or otherwise change the terms and conditions, including cost, of any transfers or system of transfers or interconnections between different modes of transportation or between different public transportation agencies, and (vi) it will not cancel, terminate, alter or otherwise change the terms, conditions or manner by which it collects and disposes of fares or charges.

In the event the Authority desires to obtain the Commission's approval to take any of the above actions, it shall make such request in writing to the Commission stating the specific reasons for such changes.

8. Records, Access to Records and Audit; Inspection

The Commission, or any designee of the Commission, including the City, may perform, at any time, one or more audits of the books, contracts and accounts of the Authority. The Commission shall also have the authority to examine the books, records, and accounts of the Authority's contractors with regard to the public funding requirements in respect of the public transportation services for which the grant is given.

The Authority agrees to make available to the Commission, or to its designee, all other books, records and documents in its possession pertaining to its public transportation services. The Commission and its designees shall have access to all the various records and documents referred to in this paragraph during the Authority's regular business hours.

The Authority agrees that the Commission, or its designees, may at reasonable times, conduct such inspections or examinations of the public transportation services as the Commission deems advisable in connection with this Agreement. All such inspections shall be performed without disruption or interference with the public transportation services or the business activity of the Authority.

9. Financial Statements

The Authority shall furnish Commission and the City with the following financial statements, forecasts, reports and documents:

(a) As soon as available and in any event within ten days after the date of this Agreement, a budget projection and a projection of public funding requirements for the next fiscal year, or lesser period, as may be requested by the City;

(b) Upon the execution of this Agreement and at least thirty days in advance of the start of each calendar quarter a statement setting forth the estimated public funding requirements of the Authority for each such quarter, all in reasonable detail and in a form approved by the Commission.

(c) As soon as available and in any event within thirty days after the end of each month, a statement of the public funding requirements of the Authority for such month and for the period from the beginning of the Grant Period to the end of such month, all in reasonable detail in a form approved by the Commission, and duly certified by the chief financial officer or his designee of the Authority as having been prepared in accordance with generally accepted accounting principles consistently applied;

(d) As soon as available and in any event within sixty days after the end of each fiscal year of the Authority covering any part of the Grant Period, a balance sheet as of the close of such fiscal year; statements of profit and loss and source and application of funds for the fiscal year then ended; and a statement of the public funding requirements of the Authority for the fiscal year then ended. Within ten days after the receipt by the Authority of the annual audit report of each fiscal year of the Authority covering any part of the Grant Period, audited balance sheets as of the close of such fiscal year; audited statements of profit and loss and source and application of funds for the fiscal year then ended; and an audited statement of the public funding requirements of the Authority for that part of the Grant Period covered by the fiscal year then ended. For each such fiscal year, such audited statements shall be certified by independent certified public accountants selected by the Authority and satisfactory to the Commission.

(e) From time to time such further statements, reports and other information regarding the public transportation services as the City or the Commission may reasonably request, such as regular monthly statements of income and expense, source and application of funds and cash flow.

(f) Upon request by the City, or the Commission, the Authority shall from time to time furnish the City and the Commission wih a list of all reports and documents filed by it with government bodies and agencies, and, if requested in writing by the City, or the Commission, the Authority shall promptly furnish the City and the Commission with a copy of any such report or document.

10. Certain Covenants

The Authority shall:

(a) Obtain the approval of the Commission:

(1) for all Authority contracts entered into after the date of this Agreement in excess of $5,000 including labor contracts and amendments thereto;

(2) for any loan to the Authority from whatever source;

(b) Grant to the Commission the right:

(1) to restructure the executive, administrative and professional offices of the Authority except those created by the MTA Act;

(2) to determine the nature, number and compensation of executive, professional and administrative positions in the service of the Authority, except those created by the MTA Act;

(3) to hire, discharge and lay off executive, professional and administrative personnel of the Authority, except those in positions created by the MTA Act;

(4) to order from time to time increased hiring, layoffs, cessation of hiring and curtailment of promotions of Authority employees involved in the operation, maintenance and repair of transportation equipment;

(5) to implement the recommendations of the special consultants hired by the City to review the operations, budget, financial position and management of the Authority;

(6) to order from time to time the reduction or elimination of expenses for travel by executive, administrative and professional employees of the Authority; for remodeling or renovation of executive, administrative and professional offices of the Authority; and for office equipment and supplies;

(7) to order the review and renegotiation of collective bargaining agreements;

(8) to revise, curtail, eliminate and add new existing routes of rail and surface transportation operated by the Authority;

(9) to determine the level and type of service on new and existing routes of rail and surface transportation operated by the Authority;

(10) to revise rates of fare;

(c) Not enter into, renew, extend, modify, or amend any agreement or understanding with a third party without the prior approval of the Commission;

(d) Make diligent efforts to otherwise reduce expenses.

The RTA acknowledges and consents to the assignment, transfer and delegation to the Commission hereunder of the foregoing powers, rights and authority of the Authority, notwithstanding anything to the contrary in the RTA Agreement.

11. Limits of Liability; No Agency

The Authority agrees that no liability arising out of the Authority's or the Commission's use or application of the Grant proceeds received by the Authority under this Agreement, shall be incurred by the City. The Authority further agrees that the City has no obligations to the Authority other than as expressly set forth in this Agreement; and that the City has no obligation of any kind whatsoever to make additional or future grants to the Authority. Without limiting the foregoing, it is further understood that in the event the City, in its sole discretion, should determine to make a future or additional grant to the Authority, the terms and conditions of any such grant shall not in any manner be limited or restricted by any of the terms and conditions of this Agreement.

Neither the Commission nor the City shall have any duty or obligation to any person to make any of the inspections, audits or examinations of the Authority's operations or books and records which the Commission and its designees have the right to make under this Agreement or under law or to disclose the results of such exercise. Such rights are for the sole benefit of the Commission and its designees. Neither the Authority nor third parties shall rely on the results of the Commission's, or its designees', exercise of any such rights nor upon the refusal or failure of the Commission to exercise any or all of such rights. In the exercise of these rights and in the performance of all other duties and covenants of this Agreement, the Authority is not the agent of the City and the City is not the agent of the Authority.

12. Indemnification

The Authority hereby assumes liability for and agrees to protect, hold harmless and indemnify the City, the Mayor's appointees to the Commission, and the City's officers, employees, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, judgments, settlements, claims, actions, suits, proceedings, costs, expenses, and disbursements, including legal fees and expenses, of whatever kind and nature, imposed on, incurred by or asserted against any such indemnified party, in any way relating to or arising out of any of the following or allegations or charges of any of the following: the failure of the Authority or the Commission to use the Grant proceeds in conformance with law; the violation by the Authority of any of its covenants or agreements under the Agreement; any tort or other action or failure to act which shall be done in connection with providing the public transportation services; any act or failure to act of any officer, director, member, employee or agent of the Authority or the Commission; any injury to any person, loss of life or loss of destruction of property arising out of or relating to the operation of the public transportation services. The City agrees to promptly notify the Authority in writing of any claim or liability the City believes to be covered under this paragraph, and to promptly tender the defense in connection with any claim or liability in respect of which the Authority has agreed in writing that based on the face of the claim or liability such party is entitled to indemnification under this paragraph; provided, however, that the counsel retained by the Authority to defend such indemnified party shall keep the City or such other indemnified party, fully informed of the status of the proceeding, shall be promptly furnished with copies of all documents filed or served by the plaintiffs or complaining parties, and shall be furnished in advance with copies of all documents proposed to be filed or served on its behalf by the defense counsel. In the event that the Authority, within ten (10) days after receipt of notice from the City of a claim or liability which the City believes to be covered under this paragraph, fails to advise the City in writing that the Authority agrees that the subject party is entitled to indemnification under this paragraph based on the face of such claim or liability, the City or such other indemnified party, without waiving or prejudicing any claim or right it may have to indemnification under this paragraph (including the recovery of legal fees and expenses), may retain its own counsel and present its own defense in connection with such claim or liability. This paragraph shall survive the termination of this Agreement.

13. Independence of Transportation Agency

The Authority agrees that none of its officers, employees, or agents, by reason of this Agreement, or the Grant, are or are authorized to hold themselves out or claim to be officers, employees or agents of the City and that none of them are to be permitted, by reason of this Agreement, to make any claim, demand or application to or for any right or privilege applicable to any officers, employees or agents of the City, including but not limited to rights and privileges concerning workmen's compensation and occupational disease coverage, unemployment compensation benefits, social security coverage or retirement credit.

14. Non-Waiver

The City shall not be deemed to have waived any right under this Agreement unless such waiver is in writing, signed by Mayor of the City. No delay or omission in exercising any right under this Agreement shall operate as a waiver of such right or any other right. All the rights and remedies of the City under this Agreement shall be cumulative and not exclusive, and may be exercised singly or concurrently. The waiver or exercise of any remedy shall not be construed as a waiver of any other remedy available hereunder or under general principles of law or equity.

15. Severability

The parties agree that if any provision of this Agreement shall be held invalid for any reasons whatsoever, the remaining provisions shall not be affected thereby if such remaining provisions could then continue to conform with the purposes of this Agreement as set forth in Paragraph 1(a) and (b) and 2 through 5 hereof. The parties expressly declare their intentions to be (i) that Paragraph 1(c) and 6 through 12 hereof shall be valid and enforceable in accordance with their respective terms, to the extent permitted under applicable law and (ii) that in the event any one or more of said Paragraphs shall be held invalid, the remaining Paragraphs hereof (including, in particular, Paragraphs 1(a) and (b) and 2 through 5) shall nevertheless continue to be valid and enforceable in accordance with their respective terms.

16. Amendment

The Parties agree that no change or modification to this Agreement shall be of any force or effect unless the amendment is dated and is reduced to a writing executed by all parties hereto. No costs or obligations shall be incurred in consequence of any amendment to this Agreement unless and until such a written amendment has been executed.

17. Titles and Precedent

The parties agree that the titles of the Sections of this Agreement are inserted for convenience or identification only and shall not be considered for any other purpose.

In Witness Whereof, the parties hereto have caused this Agreement to be made effective and executed as of the date first set forth above by their respective duly authorized officials.

City of Chicago

By: ....
Mayor

Attest:

....
City Clerk

Chicago Transit Authority

By: ....
Chairman

Attest:

....

Regional Transportation Authority

By: ....
Chairman

Attest:

....

Action Deferred—ON PROPOSED ORDINANCE AUTHORIZING EXECUTION OF AGREEMENT BETWEEN CITY AND STATE NECESSARY FOR PRELIMINARY ENGINEERING FOR IMPROVEMENTS FUNDED UNDER INTERSTATE SUBSTITUTION PROGRAM.

The Committee on Finance submitted the following report, which was, on motion of Alderman Frost and Alderman Marzullo, *Deferred* and ordered published:

CHICAGO, July 16, 1981.

To the President and Members of the City Council:

Your Committee on Finance, to which was referred a communication from the Office of the Mayor transmitting a proposed ordinance authorizing the execution of an agreement between the State of Illinois and the City of Chicago necessary for preliminary engineering for improvements to be funded under the Interstate Substitution Program, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the committee.

Respectfully submitted,
(Signed) WILSON FROST,
Chairman.

The proposed ordinance transmitted with the foregoing committee report reads as follows:

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

Section 1. That the Mayor is authorized to execute, the City Clerk to attest and the Commissioner of Public Works, and the City Comptroller to approve, upon approval of the Corporation Counsel as to form and legality an agreement with the State of Illinois providing funding for studies, design and engineering for the improvements described therein. Said Agreement to be substantially in the following form:

This Agreement, entered into this .... day of .... A.D., 19...., by and between the State of Illinois, acting by and through its Department of Transportation and hereinafter called the State, and the City of Chicago, acting through its Department of Public Works and hereinafter called the City.

WITNESSETH:

Whereas, the Federal Highway Administration and the Urban Mass Transportation Administration are authorized under 23 U.S.C. 103(3) (4) to approve the use of funds made available by the request for withdrawal of certain nonessential Interstate highway routes from the Interstate System for substitute highway or non-highway public mass transit projects; and

Whereas, the State of Illinois and the City of Chicago have concurred on the use of such funds available from the Interstate System Withdrawl and Substitution Program; and

Whereas, the Department of Transportation of the State of Illinois, under Chapter 121, Article 4-409 of the Illinois Revised Statutes, may enter into a written contract with any other highway authority for the jurisdiction, maintenance, administration, engineering or improvement of any highway or portion thereof; and

Whereas, the City, before such improvements can be made, is required to make, or cause to be made, certain Design and Location Studies, and Environmental Assessment and a Design Report covering the improvements, and to prepare, or cause to be prepared, all preliminary and final plans, specifications and estimates for utility adjustments, right-of-way acquisition, contract construction and force account construction, all of which is hereinafter referred to as "Preliminary Engineering"; and,

Whereas, the improvements included hereunder, together with the designated project numbers and estimated "Preliminary Engineering" and construction costs for each are listed on "Exhibit A" of this Agreement; and,

Whereas, under Federal regulations, certain written agreements may be required.

Now, Therefore, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. The City, either with its own forces or in conjunction with a competent consulting engineering firm aproved by the State and the Federal Highway Administration, shall make all surveys, compile the data and prepare the Design and Location Studies, hold the required public hearings, make the Environmental Assessments and prepare the final Design Reports, perform the engineering for the necessary right of way acquisition and the relocation and/or adjustment of City-owned electrical and water utilities, and prepare the preliminary and final plans, specifications, estimates and all other documents or agreements required in order to let and award contracts or otherwise construct the projects included hereunder, all of which is considered to be "Preliminary Engineering".

2. The City has appropriated, or shall appropriate, such funds as are necessary to pay for the "Preliminary Engineering" as herein specified, and shall keep a complete and accurate breakdown for each separate project included hereunder.

3. The State shall give administrative assistance and guidance to the City during the performance of said "Preliminary Engineering" and shall review and submit to the Federal Highway Administration, without delay, all submittals which require Federal review, approval or other action.

4. The State shall request Federal participation in the costs of the "Preliminary Engineering", and shall reimburse the City for the State and Federal shares of said costs on the basis of periodic billings. These billings shall be supported by documentation as required by the State and the Federal Highway Administration, and if the engineering is performed by a consultant, the billings shall show evidence of payment by the City. Five percent (5%) of the sum of the State and Federal shares of "Preliminary Engineering" shall be withheld pending an audit of the City's records.

5. It is mutually agreed that the total cost of "Preliminary Engineering" described herein shall not exceed $6,875,000.00 without prior approval of the State and the Federal Highway Administration.

6. It is mutually agreed that all costs which are determined to be ineligible for Federal-Aid participation, and all costs in excess of $6,875,000.00 which are incurred without prior approval of the State and the Federal Highway Administration, shall be borne 100% by the City.

7. The City agrees to retain all individual project records and to make them available for audit by State and Federal auditors during the individual project development stages, and for a period of three years after final acceptance of each project.

8. It is mutually agreed that quarterly progress meetings will be held, at which all parties to this Agreement will report on the status of all phases of the work described herein. Such meeting will be called jointly by the City and the State.

9. It is mutually agreed that the division of cost for all "Preliminary Engineering" included under this Agreement shall be as follows:

State	15%
Federal	85%

10. It is mutually agreed that standard Federal-Aid procedures and requirements shall apply to all phases of all projects covered by this Agreement.

11. This Agreement and the covenants contained herein shall be null and void when State reimbursement to the City as described in Paragraph 4 of this Agreement reaches Six Million, Eight Hundred Seventy-Five Thousand Dollars ($6,875,000.00) (or a larger amount approved by the State and Federal Highway Administration, as stipulated in Paragraph 5 of this Agreement), or when all projects programmed under this Agreement before October 1, 1986, are completed.

12. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

In Witness Whereof, City and State have caused this Agreement to be executed by their respective officials and attested to on the dates hereinafter listed.

[Signature forms and Exhibit "A" omitted for printing purposes]

Section 2. The City Clerk is directed to transmit two (2) certified copies of this ordinance to the Department of Transportation of the State of Illinois, through the District Engineer of District 1 of said Department of Transportation.

Section 3. This ordinance shall be in force and effect from and after its passage.

APPROVAL OF JOURNAL OF PROCEEDINGS.

JOURNAL (July 1, 1981).

The City Clerk submitted the printed Official Journal of the Proceedings of the regular meeting held on Wednesday, July 1, 1981, at 10:00 A.M., signed by him as such City Clerk.

Alderman Frost moved to *Approve* said printed Official Journal and to dispense with the reading thereof. The question being put, the motion *Prevailed.*

MISCELLANEOUS BUSINESS.

Time Fixed for Next Succeeding Regular Meeting.

By unanimous consent Alderman Frost thereupon presented a proposed ordinance which reads as follows:

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

SECTION 1. That the next succeeding regular meeting of the City Council of the City of Chicago to be held after the regular meeting held on Tuesday the fourteenth (14th) day of July, 1981, at 10:00 A.M. and recessed until Thursday the sixteenth (16th) day of July, 1981, at 11:00 A.M. be and the same is hereby fixed to be held on Monday the twentieth (20th) day of July, 1981, at 2:00 P.M., in the Council Chamber in the City Hall.

SECTION 2. This ordinance shall take effect and be in force from and after its passage.

On motion of Alderman Frost the foregoing proposed ordinance was *Passed.*

ADJOURNMENT.

Thereupon, Alderman Frost moved that the City Council do *Adjourn.* The motion *Prevailed* and the City Council *Stood Adjourned* to meet in regular meeting on Monday, July 20, 1981, at 2:00 P.M., in the Council Chamber in the City Hall.

Walter S. Kozubowski

WALTER S. KOZUBOWSKI,
City Clerk.