

Memo

To: Karen Selman, Finance Committee
From: Rosemary N. Ryba, Treasurer
CC: Board of Trustees, Village President
Date: August 19, 2011
Re: Nicor Municipal Utility Tax (MUT) vs. Gas Use Tax (GUT)

The attached was prepared to illustrate a revenue neutral amendment of the natural gas municipal tax based on the year end quantities from 2010. So as to include those accounts (10%) who are buying their gas from suppliers other than Nicor.

1. Withdraw MUT and institute GUT – [If total therm usage decreases, the Village would realize a decrease in utility tax revenue (Orange)].
2. Keep MUT and institute GUT overlay – [This would add a therm usage charge to capture all residents including those currently paying the 5% (Pink)].

If the Village selects first option, income would be based on usage and relatively fixed as opposed to MUT which is revenue based on market fluctuations of the purchase price to the individual user.