



**CITY OF URBANA, ILLINOIS
FINANCE DEPARTMENT**

MEMORANDUM

TO: Mayor Marlin and City Council Members

FROM: Elizabeth Hannan, Finance Director
Don Ho, Financial Systems Analyst

DATE: May 4, 2017

**SUBJECT: RESOLUTION TO APPROVE AN INTERGOVERNMENTAL
COOPERATIVE AGREEMENT BETWEEN THE CITY OF
URBANA AND THE ILLINOIS DEPARTMENT OF REVENUE**

Introduction: Attached is a resolution authorizing the Mayor and Clerk to sign a new Reciprocal Agreement on Exchange Information between the City of Urbana and the Illinois Department of Revenue (IDOR).

Discussion:

Public Act 99-517 allows IDOR to furnish detailed confidential taxpayer information to local governments. The current Reciprocal Agreement on Exchange of Information between the City and the Illinois Department of Revenue expired on December 21, 2016. As a result, the City is required to submit a new signed Reciprocal Agreement on Exchange of Information to the Illinois Department of Revenue.

Due to the sensitive nature of this confidential taxpayer data, the Department has added a new requirement to the Reciprocal Agreement on Exchange of Information. Each person authorized to request, view, or receive financial information will be required to complete and sign an Acknowledgement of Restrictions on Use and Disclosure of Confidential Financial Information.

Fiscal Impact: There is no fiscal impact by signing this agreement.

Recommendation: Approve the attached resolution authorizing the Mayor and Clerk to sign the new Reciprocal Agreement on Exchange Information with the Illinois Department of Revenue.

RESOLUTION NO. 2017-05-032R

A RESOLUTION TO APPROVE AN INTERGOVERNMENTAL
COOPERATIVE AGREEMENT BETWEEN THE CITY OF URBANA
AND THE ILLINOIS DEPARTMENT OF REVENUE

(Agreement regarding furnishing of confidential taxpayer information between
with the City of Urbana and the Illinois Department of Revenue)

WHEREAS, the City of Urbana, Illinois ("City") is a home rule unit of local government pursuant to the Illinois Constitution of 1970 and the Illinois Municipal Code. ILCS Const. Art. 7, § 6; 65 ILCS 5/1-1-9; and

WHEREAS, the Illinois Department of Revenue is an agency of the State of Illinois; and

WHEREAS, Section 10 of Article VII of the Illinois Constitution of 1970 and the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.* enables the parties hereto to enter into agreements among themselves and provide authority for intergovernmental cooperation; and

WHEREAS, the Illinois Department of Revenue has sensitive and confidential taxpayer data which would be of significant value to City in operation and management of the City's business and affairs; and

WHEREAS, Public Act 99-517 has made changes to the statute regarding the furnishing of confidential taxpayer information to local governments, which as a result thereof, requires the Illinois Department of Revenue and the City to enter into an intergovernmental agreement which contains the terms in conditions in substantially the form of the exhibit appended hereto and made a part hereof.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Urbana, Champaign County, Illinois, as follows:

Section 1. The Intergovernmental Cooperative Agreement shall be and hereby is authorized and approved in substantially the form and substance as the exhibit appended hereto and made a part hereof.

Section 2. The Mayor of the City of Urbana, Illinois, shall be and hereby is hereby authorized to execute and deliver and

the City Clerk of the City of Urbana, Illinois, be and the same is hereby authorized to attest to said execution of said Agreement in substantially the form and substance appended hereto and made a part hereof.

PASSED BY THE CITY COUNCIL this ____ day of _____, _____.

AYES:

NAYS:

ABSENT:

ABSTAINED:

Charles A. Smyth, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Diane W. Marlin, Mayor

**RECIPROCAL AGREEMENT ON EXCHANGE OF INFORMATION
BETWEEN THE [TOWN][CITY][VILLAGE][COUNTY]
OF City of Urbana
AND THE
ILLINOIS DEPARTMENT OF REVENUE**

The Illinois Department of Revenue (the "Department"), in accordance with the statutes of the State of Illinois, agrees to share under the terms of this Reciprocal Agreement on Exchange of Information (the "Reciprocal Agreement") with the [Town][City][Village][County] of City of Urbana (the ["Municipality"]["County"]) financial information obtained pursuant to the Illinois Retailers' Occupation Tax Act, the Service Occupation Tax Act, the Use Tax Act, and the Service Use Tax Act (the "Tax Acts"). For purposes of this Reciprocal Agreement, "financial information" means the following information for each retailer or serviceman in the [Municipality][County]: (1) the business name; (2) the business address; (3) the standard classification number assigned to the business; (4) net revenue distributed to the requesting [municipality][county] that is directly related to the requesting [municipality's][county's] local share of the proceeds under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act distributed from the Local Government Tax Fund, and, if applicable, any locally imposed retailers' occupation tax or service occupation tax; and (5) a listing of all businesses within the requesting [municipality][county] by account identification number and address.

It is further agreed that all information exchanged will be used only for the official purposes of the State and of the [Municipality][County] and shall be kept confidential in accordance with the Tax Acts. Each party agrees to take appropriate steps to protect from unauthorized disclosure the tax information obtained pursuant to this Reciprocal Agreement and to destroy it when no longer needed by shredding or other appropriate means.

The [Municipality][County] agrees to follow the procedures to protect the confidentiality of information provided in "Minimum Standards Required to Safeguard Information Given as a Result of a Reciprocal Agreement on the Exchange of Information," which is incorporated into this Reciprocal Agreement as Attachment A. Both parties understand and agree that the Department will not provide any information under this Reciprocal Agreement to the [Municipality][County] unless and until the [Municipality][County] signs Attachment A.

It is agreed that only the chief executive officer of the [Municipality][County] will initiate a Reciprocal Agreement with the Department. Information provided to the [Municipality][County] under this Reciprocal Agreement may be shared with or viewed by only persons who are directly involved in the financial operations of the [Municipality][County], including [Municipal][County] employees, and persons, such as attorneys or accountants, retained by the [Municipality][County]. The information provided shall not, however, be shared with or viewed by any person who is compensated by the [Municipality][County] for services rendered on a contingent basis or any other similar method that may impair that person's independence or the perception of that person's independence. The chief executive officer shall provide the Department with a list of names and official titles of persons designated by him or her as persons exclusively authorized to request, view, or receive financial information on his or her behalf. The list shall be on [Municipal][County] letterhead and shall be signed by the chief executive officer. The information provided by the Department shall not be viewed by or shared with anyone who

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is not on the list. Each person designated to request, view, or receive financial information must acknowledge to the Department that he or she received and reviewed this Reciprocal Agreement and understands the legal and contractual obligation to maintain the confidentiality of this information by signing and returning Attachment B, which attachment shall be incorporated into this Reciprocal Agreement. The Department agrees to provide the [Municipality][County] with a written list showing the names and official titles of Department employees designated by it to request, view, or receive financial information from the [Municipality][County]. Both parties agree to furnish additions to and deletions from the lists as they occur. It is agreed that no information provided under this Reciprocal Agreement will be provided by telephone or pursuant to a telephone request.

Both parties understand and agree that the Department will not provide any information under this Reciprocal Agreement to the [Municipality][County] unless and until the [Municipality][County] provides:

- a signed copy of this Reciprocal Agreement;
- a signed copy of Attachment A;
- a list of names and official titles of persons exclusively authorized to request, view, or receive financial information on [Municipal][County] letterhead, signed by the chief executive officer; and
- a completed and signed Attachment B for each person designated by the chief executive officer of the [Municipality][County] as authorized to request, view, or receive financial information.

It is further agreed that either party for administrative reasons may refuse to share information.

This Reciprocal Agreement may be canceled by either party at any time and will be canceled in the event of any unauthorized use or disclosure (verbally, in writing, or by any other means) of confidential financial information obtained pursuant to this Reciprocal Agreement or failure to abide by the procedures set forth by the Department for safeguarding the confidentiality of such confidential financial information.

Illinois Department of Revenue

City of Urbana
[Municipality][County]

Director

Chief Executive of the [Municipality][County]

Date

Clerk of the [Municipality][County]

Date

ATTACHMENT A

**MINIMUM STANDARDS REQUIRED TO SAFEGUARD INFORMATION
GIVEN AS A RESULT OF A RECIPROCAL AGREEMENT
ON THE EXCHANGE OF INFORMATION**

1. All requests for information under the Reciprocal Agreement on the Exchange of Information (the "Reciprocal Agreement") will be in writing, on letterhead of the [Municipality][County] and addressed to the Local Tax Allocation Division at the Illinois Department of Revenue (the "Department").
2. Information received under the Reciprocal Agreement will be kept in a locked storage facility, e.g., locked file cabinet, closet, or desk that is only accessible by persons authorized under the Reciprocal Agreement to receive information. Any information stored in an electronic format shall be password protected and restricted to only those persons authorized under the Reciprocal Agreement to receive information.
3. Any [Municipality][County] that receives information under the Reciprocal Agreement will promptly notify the Department when a person who has been authorized to receive information under the Reciprocal Agreement, leaves employment of the [Municipality][County] or otherwise is no longer authorized by statute or by the [Municipality][County] to receive the information.
4. Any [Municipality][County] that receives information under the Reciprocal Agreement will report to the Department any possible or suspected breach of confidentiality of the information as soon as possible, but no later than the close of business on the business day following the date of discovery.
5. The proper method for destruction of information that is no longer needed is shredding or destruction of the CDs.
6. Any [Municipality][County] that receives information under the Reciprocal Agreement will not share the information with or allow the information to be viewed by any person who is compensated by the Municipality or County for services rendered on a contingent basis or any other similar method that may impair that person's independence or the perception of that person's independence.

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7. Any person who divulges confidential information in any manner, except in accordance with a proper judicial order or as otherwise provided by law, is guilty of a Class B misdemeanor with a fine not to exceed \$7,500.00 per disclosure. Confidential information includes any information collected by the Department from any return or investigation other than name and address of the taxpayer. Disclosure of confidential information to [Municipal][County] Employees, contractors, or vendors who are not explicitly authorized to view such information under the Reciprocal Agreement constitutes unauthorized disclosure.

8. Information received under the Reciprocal Agreement is exempt from disclosure under section 7(1)(a) of the Freedom of Information Act (FOIA). Section 11 of the Retailer's Occupation Tax Act (ROTA) specifically prohibits disclosure of this information. To ensure uniform responses among recipients of confidential tax information, a [Municipality][County] that receives a FOIA request for information received under the Reciprocal Agreement shall (a) deny the request pursuant to section 7(1)(a) of FOIA; (b) notify the Department of Revenue of the request; and (c) keep the Department apprised of any proceedings instituted to compel the release of information under FOIA.

The [Town][City][Village][County] of City of Urbana agrees to abide by the aforementioned standards in safeguarding the information that it receives pursuant to the Reciprocal Agreement, which it has entered into with the Illinois Department of Revenue.

Signature

Title

Date