



## **Frequently Asked Questions Local Option Motor Fuel Tax (LMFT)**

### **What is the Local Option Motor Fuel Tax?**

As a home rule municipality, the City of Champaign can adopt local option taxes. The Local Motor Fuel Tax (LMFT) is levied upon the purchase of motor fuel sold at retail within the corporate limits of the City and upon motor fuel purchased by bulk users.

**What is the tax rate?** Four cents (\$0.04) per gallon

**When does the tax go into effect?** May 1, 2012

### **How will the City use the LMFT revenue?**

All revenue is dedicated, by ordinance, to transportation infrastructure improvements. This tax is estimated to generate \$1.5 million annually in new revenue that will be used to implement the Ten Year Street Improvement Plan. This provides funding of \$2 million in street improvements (\$1 million for arterial streets, \$500,000 for street reconstruction, and an additional \$500,000 for street maintenance from funds that were previously allocated to reconstruction projects).

### **What is the process for collecting and remitting taxes collected?**

Retailers and bulk users must first complete a registration form that is included in this information packet. The registration form should be completed and submitted to the City no later than April 20, 2012.

Retailers and bulk users must remit each month's tax collections along with a remittance form. A draft of the form is included in this packet. The Finance Department will finalize the form after gathering input from retailers and bulk users to help us make sure that it is clear. Please provide suggestions on how to improve the form. You may give a marked up form to Finance Department staff the Open House meetings (see later) or you may send it to the Finance Department by fax, U.S. mail, or by dropping it off at the City Building. The contact information is located at the top of this document. You may also send your comments by email to [Jennifer.Johnson@ci.champaign.il.us](mailto:Jennifer.Johnson@ci.champaign.il.us)

### **What is the filing period and remittance requirement?**

Retailers must send the remittance form and must remit taxes collected to the City of Champaign no later than the 20<sup>th</sup> of the month following the month of collection. (In other words, taxes paid by customers in May 2012 must be remitted to the City by June 20, 2012.)

**Is there a discount for timely filing?**

Yes. Any person filing a return (whether retailer or bulk purchaser) may retain 1% of the tax collected if the remittance form and tax payments are submitted by the 20<sup>th</sup> day of the month succeeding the month for which the return is made.

**Is there a penalty for late filing?**

Yes. The penalty is 2% per month if a completed remittance form and tax revenue are provided to the Finance Department after the 20<sup>th</sup> of the month for the previous month.

**To whom should the check be made payable?**

You can make checks payable to “City of Champaign”. The City also accepts Visa and MasterCard.

**Who can I contact with additional questions?**

You may call the Finance Department at 403-8940 with questions about the tax rate, remittance deadlines, etc. Several staff members will be available to help you.

**Do distributors have to collect the tax from customers purchasing in bulk?**

No. The City’s ordinance states that customers who purchase motor fuel in bulk, and not for resale, must calculate and remit the tax themselves. The City has developed a separate, one-page remittance form for this purpose.