



VILLAGE OF CHANNAHON

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Dear Channahon Residents,

In 2011, the Village of Channahon was sued by the Regional Transportation Authority, Cook County, and several municipalities. The basic premise of the lawsuits is that the Village of Channahon and two local companies, Inspired Development and Minority Development, have improperly received sales tax distributions which should have gone to these Plaintiffs. At issue in these lawsuits are sales tax incentive agreements whereby the sales taxes generated by certain companies are shared with Inspired and Minority. The Plaintiffs have also sued the City of Kankakee, the Village of Sycamore, American Airlines and United Airlines on a similar theory.

Because of the pending litigation your elected officials and employees at the Village have been reluctant to discuss these matters publicly. It has been very difficult for us not to discuss the issues while at the same time taking a beating in the Chicago press at the hands of the RTA. The RTA realizes that issuing press releases does not carry the risk of again being told that their case is without merit by a trial court or an appellate court. Simply put, they are attempting to win their case in the court of public opinion as they fear an adverse outcome in a court of law.

The RTA likes to call the Channahon businesses a “sham”. You see, the RTA also called another business a “sham”. That other business is Hartney Oil. Hartney Oil maintains a small office in Mark, Illinois. From its office in Mark, Hartney accepts purchase orders for its fuel sales business. Hartney Oil, like the businesses in Channahon, pay the sales tax it collects to the Department of Revenue. The Department of Revenue determines which community gets the local share of the sales tax paid. When the Department of Revenue paid the taxes to Mark, they then shared the taxes with Hartney Oil. Sound familiar? It should because this is essentially the same business model used in Channahon and other communities.

The Hartney Oil agreement with Mark has withstood challenges from the Department of Revenue and the RTA. After years of forwarding local tax dollars to Mark, Illinois, the Department of Revenue changed its mind and said the dollars should be shipped to Cook County. The Department wanted so badly to penalize Hartney Oil and the small Village of Mark that it attempted to turn all of their rules, policies and procedures on their head – disregarding years of precedent. They joined forces with the RTA in an attempt to divert the tax dollars to the RTA. Fortunately for everyone, Hartney exercised its right to appeal to the Circuit Court. The Circuit Court found in favor of the Village of Mark and Hartney Oil on every issue. The RTA was proven wrong in a court of law.

The Department of Revenue and the RTA appealed the judge’s decision in the Hartney Oil case to the Third District Appellate Court. The Appellate Court upheld the trial judge’s decision and also ruled against the Department of Revenue and the RTA on every issue. Without regard for their prior losses, the RTA and Department of Revenue are now taking the Village of Mark and Hartney Oil to the Illinois Supreme Court. There is little reason to believe that the RTA will not lose again.

Fearing that they would likely be unsuccessful winning their battle in the courts in an attempt to reap even more tax dollars, the RTA attempted to change the law in Springfield. They know that under past and current law that what Channahon and other communities are doing is perfectly legal. Again, they were unsuccessful. The legislature refused to change the law to benefit the RTA.

Undaunted by legal precedent or the will of the legislature, the City of Chicago, Cook County and the RTA continue to pursue litigation against Channahon and others. The RTA continues to issue press releases trying to convince the public that Channahon is “stealing” its tax money by working with businesses to locate here. These businesses play by the rules – the rules which have been on the books for years – and make a choice to conduct their business in Channahon rather than Chicago or Cook County the home of some of the highest sales tax in the nation. When you consider whether Channahon is stealing tax dollars from the RTA think about all the tax money paid to the RTA from Channahon. Every retail purchase and every gallon of fuel

bought in the Will County portion of Channahon means money paid to the RTA. Consider this whenever you or a family member wants to take a bus to the doctor, the grocery store or the mall – you will have a long wait. Despite the busloads of money Channahon residents pay to the RTA, there is no scheduled service in our community. Who is really stealing tax dollars?

The Village of Channahon will continue to fight for tax benefits which accrue to our community and protect the rights of business to choose where they want to do business. I am happy to report also that the Village has required the private companies to pay the Village's expenses and attorney's fees, so the fight is not being waged with your tax dollars.

I hope that this will address your questions and concerns. I am sure that the RTA and its big city propaganda machine will continue to try to divide our community for their benefit but rest assured that we are on top of the situation.

Sincerely,

A handwritten signature in black ink that reads "Joseph Cook". The signature is written in a cursive, flowing style.

Joseph Cook

Village President