



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB3522

by Rep. Robert Martwick

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Income Tax Act. Provides that, for taxable years beginning on or after January 1, 2018, the rate of tax for individuals, trusts, and estates shall be: (1) 4% of the portion of the taxpayer's net income from \$0 to \$7,500; (2) 5.84% of the portion of the taxpayer's net income exceeding \$7,500 but not exceeding \$15,000; (3) 6.27% of the portion of the taxpayer's net income exceeding \$15,000 but not exceeding \$225,000; and (4) 7.65% of the portion of the taxpayer's net income exceeding \$225,000. Amends the State Finance Act. Creates the Education Property Tax Relief Fund. Provides that moneys in the Fund shall be distributed to school districts, and sets forth the distribution formula. Provides that transfers from the Tobacco Settlement Recovery Fund to the Budget Stabilization Fund shall cease upon the first transfer of moneys into the Budget Stabilization Fund under the provisions of the amendatory Act. Amends the Budget Stabilization Act. Provides for minimum funding levels to be maintained in the Budget Stabilization Fund and for the transfer of specified amounts to the Budget Stabilization Fund if minimum funding levels are not maintained. Makes other changes. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that, beginning on January 1, 2018, the rate of tax shall be 5.75% (currently, 6.25%). Amends various Acts to make conforming changes. Amends the Aircraft Use Tax Law and the Watercraft Use Tax Law. Provides that the rate of tax under those Act shall be 5.75% (currently, 6.25%). Effective immediately.

LRB100 05678 HLH 21814 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Fiscally Responsible Illinois Entering New Days and Leaving
6 Yesterday (FRIENDLY) Act.

7 Section 3. Intent. The General Assembly finds that Illinois
8 has operated with structural budget deficits for years, failing
9 to secure the revenue necessary to pay for the services that
10 are essential to its residents. The State possesses one of the
11 highest unfunded pension liabilities among the United States.
12 Illinois' unfunded pension liability will continue to grow and
13 consume more of the State's general revenues over the life of
14 the funding plan. The Illinois Supreme Court recently and
15 unequivocally decided that the only guaranteed solution to
16 reduce the pension liability is to properly fund the retirement
17 systems.

18 The State's individual income tax rate is currently the
19 eighth lowest in the country and State spending ranks almost
20 last in terms of percentage of education dollars coming from
21 the State. Additionally, Illinois' school funding formula is
22 the most regressive in the nation and allocates dollars in an
23 inequitable manner. Section 1 of Article X of the Illinois

1 Constitution provides that the "State has the primary
2 responsibility for financing the system of public education".
3 Yet Illinois provides for only 26% of education spending.

4 Underfunding education has meant diminished resources in
5 the classroom and higher property taxes as many communities try
6 to make up the shortfall using local funds. The Illinois School
7 Funding Reform Commission recently concluded that Illinois
8 needs to increase K-12 State education funding by at least
9 \$3,500,000,000 to meet adequacy, and at least another
10 \$2,500,000,000 beyond that to become the primary financier of
11 K-12 education. With regard to State funding for higher
12 education, Illinois ranks second to last among the states when
13 comparing current funding to pre-recession levels, having cut
14 54% from 2008 to 2016.

15 According to a 2011 Kaiser Family Foundation report,
16 Illinois is ranked 49th in Medicaid spending per enrollee.
17 While 45.5% of children are enrolled and 20% of the overall
18 population of the State is enrolled in Medicaid, Illinois has
19 historically been extremely inefficient at capturing federal
20 dollars and consistently ranks at or near the bottom in terms
21 of bringing in additional federal dollars into the State.
22 Illinois ranks as one of the lowest spending states in the
23 nation whether considered on a per capita basis or as a share
24 of State Gross Domestic Product (GDP).

25 The unfunded liability in pension plans, outstanding debt,
26 and the growing backlog of unpaid bills together totals

1 \$232,000,000,000 of total outstanding debt. The State can no
2 longer put off addressing its pension debt, and it should not
3 make further cuts to human services. The State must invest more
4 into the education of its children. The problems start and end
5 with the State's dire finances, and as such, the only path
6 forward must begin with a restructuring of the way the State
7 raises and expends revenue. A restructured financial system
8 could secure the present operation of the government and
9 provide a path forward towards a State that invests in
10 education, provides for our most vulnerable, pays off debts,
11 has an economic environment that attracts business, and has a
12 reasonable level of taxation.

13 Illinois has the fifth largest economy in the United States
14 and a workforce of more than 6.6 million people, the fifth
15 largest labor force in the United States. The State should make
16 availability of services and reduction of debt liabilities a
17 priority.

18 Therefore, Illinois must address its financial problems
19 immediately if it is to avoid leaving a bigger problem for
20 future generations. It must correct the current financial
21 crisis in order to restore basic services and care for its most
22 vulnerable citizens.

23 Section 5. The Department of Commerce and Economic
24 Opportunity Law of the Civil Administrative Code of Illinois is
25 amended by changing Section 605-332 as follows:

1 (20 ILCS 605/605-332)

2 Sec. 605-332. Financial assistance to energy generation
3 facilities.

4 (a) As used in this Section:

5 "New electric generating facility" means a
6 newly-constructed electric generation plant or a newly
7 constructed generation capacity expansion at an existing
8 facility, including the transmission lines and associated
9 equipment that transfers electricity from points of supply to
10 points of delivery, and for which foundation construction
11 commenced not sooner than July 1, 2001, which is designed to
12 provide baseload electric generation operating on a continuous
13 basis throughout the year and:

14 (1) has an aggregate rated generating capacity of at
15 least 400 megawatts for all new units at one site, uses
16 coal or gases derived from coal as its primary fuel source,
17 and supports the creation of at least 150 new Illinois coal
18 mining jobs; or

19 (2) is funded through a federal Department of Energy
20 grant before December 31, 2010 and supports the creation of
21 Illinois coal-mining jobs; or

22 (3) uses coal gasification or integrated
23 gasification-combined cycle units that generate
24 electricity or chemicals, or both, and supports the
25 creation of Illinois coal-mining jobs.

1 "New gasification facility" means a newly constructed coal
2 gasification facility that generates chemical feedstocks or
3 transportation fuels derived from coal (which may include, but
4 are not limited to, methane, methanol, and nitrogen
5 fertilizer), that supports the creation or retention of
6 Illinois coal-mining jobs, and that qualifies for financial
7 assistance from the Department before December 31, 2010. A new
8 gasification facility does not include a pilot project located
9 within Jefferson County or within a county adjacent to
10 Jefferson County for synthetic natural gas from coal.

11 "New facility" means a new electric generating facility or
12 a new gasification facility. A new facility does not include a
13 pilot project located within Jefferson County or within a
14 county adjacent to Jefferson County for synthetic natural gas
15 from coal.

16 "Eligible business" means an entity that proposes to
17 construct a new facility and that has applied to the Department
18 to receive financial assistance pursuant to this Section. With
19 respect to use and occupation taxes, wherever there is a
20 reference to taxes, that reference means only those taxes paid
21 on Illinois-mined coal used in a new facility.

22 "Department" means the Illinois Department of Commerce and
23 Economic Opportunity.

24 (b) The Department is authorized to provide financial
25 assistance to eligible businesses for new facilities from funds
26 appropriated by the General Assembly as further provided in

1 this Section.

2 An eligible business seeking qualification for financial
3 assistance for a new facility, for purposes of this Section
4 only, shall apply to the Department in the manner specified by
5 the Department. Any projections provided by an eligible
6 business as part of the application shall be independently
7 verified in a manner as set forth by the Department. An
8 application shall include, but not be limited to:

9 (1) the projected or actual completion date of the new
10 facility for which financial assistance is sought;

11 (2) copies of documentation deemed acceptable by the
12 Department establishing either (i) the total State
13 occupation and use taxes paid on Illinois-mined coal used
14 at the new facility for a minimum of 4 preceding calendar
15 quarters or (ii) the projected amount of State occupation
16 and use taxes paid on Illinois-mined coal used at the new
17 facility in 4 calendar year quarters after completion of
18 the new facility. Bond proceeds subject to this Section
19 shall not be allocated to an eligible business until the
20 eligible business has demonstrated the revenue stream
21 sufficient to service the debt on the bonds; and

22 (3) the actual or projected amount of capital
23 investment by the eligible business in the new facility.

24 The Department shall determine the maximum amount of
25 financial assistance for eligible businesses in accordance
26 with this paragraph. The Department shall not provide financial

1 assistance from general obligation bond funds to any eligible
2 business unless it receives a written certification from the
3 Director of the Bureau of the Budget (now Governor's Office of
4 Management and Budget) that 80% of the State occupation and use
5 tax receipts for a minimum of the preceding 4 calendar quarters
6 for all eligible businesses or as included in projections on
7 approved applications by eligible businesses equal or exceed
8 110% of the maximum annual debt service required with respect
9 to general obligation bonds issued for that purpose. The
10 Department may provide financial assistance not to exceed the
11 amount of State general obligation debt calculated as above,
12 the amount of actual or projected capital investment in the
13 facility, or \$100,000,000, whichever is less. Financial
14 assistance received pursuant to this Section may be used for
15 capital facilities consisting of buildings, structures,
16 durable equipment, and land at the new facility. Subject to the
17 provisions of the agreement covering the financial assistance,
18 a portion of the financial assistance may be required to be
19 repaid to the State if certain conditions for the governmental
20 purpose of the assistance were not met.

21 An eligible business shall file a monthly report with the
22 Illinois Department of Revenue stating the amount of
23 Illinois-mined coal purchased during the previous month for use
24 in the new facility, the purchase price of that coal, the
25 amount of State occupation and use taxes paid on that purchase
26 to the seller of the Illinois-mined coal, and such other

1 information as that Department may reasonably require. In sales
2 of Illinois-mined coal between related parties, the purchase
3 price of the coal must have been determined in an arm's-length
4 transaction. The report shall be filed with the Illinois
5 Department of Revenue on or before the 20th day of each month
6 on a form provided by that Department. However, no report need
7 be filed by an eligible business in a month when it made no
8 reportable purchases of coal in the previous month. The
9 Illinois Department of Revenue shall provide a summary of such
10 reports to the Governor's Office of Management and Budget.

11 Upon granting financial assistance to an eligible
12 business, the Department shall certify the name of the eligible
13 business to the Illinois Department of Revenue. Beginning with
14 the receipt of the first report of State occupation and use
15 taxes paid by an eligible business and continuing for a 25-year
16 period, the Illinois Department of Revenue shall each month pay
17 into the Energy Infrastructure Fund the following amounts: (1)
18 until January 1, 2018, 80% of the net revenue realized from the
19 6.25% general rate on the selling price of Illinois-mined coal
20 that was sold to an eligible business; and (2) on and after
21 January 1, 2018, 86.96% of the net revenue realized from the
22 general rate on the selling price of Illinois-mined coal that
23 was sold to an eligible business.

24 (Source: P.A. 98-463, eff. 8-16-13.)

25 Section 10. The State Finance Act is amended by changing

1 Sections 6z-18, 6z-20, 6z-43, and 6z-51 and by adding Section
2 6z-102 as follows:

3 (30 ILCS 105/6z-18) (from Ch. 127, par. 142z-18)

4 Sec. 6z-18. A portion of the money paid into the Local
5 Government Tax Fund from sales of food for human consumption
6 which is to be consumed off the premises where it is sold
7 (other than alcoholic beverages, soft drinks and food which has
8 been prepared for immediate consumption) and prescription and
9 nonprescription medicines, drugs, medical appliances and
10 insulin, urine testing materials, syringes and needles used by
11 diabetics, which occurred in municipalities, shall be
12 distributed to each municipality based upon the sales which
13 occurred in that municipality. The remainder shall be
14 distributed to each county based upon the sales which occurred
15 in the unincorporated area of that county.

16 A portion of the money paid into the Local Government Tax
17 Fund from the ~~6.25%~~ general use tax rate on the selling price
18 of tangible personal property which is purchased outside
19 Illinois at retail from a retailer and which is titled or
20 registered by any agency of this State's government shall be
21 distributed to municipalities as provided in this paragraph.
22 Each municipality shall receive the amount attributable to
23 sales for which Illinois addresses for titling or registration
24 purposes are given as being in such municipality. The remainder
25 of the money paid into the Local Government Tax Fund from such

1 sales shall be distributed to counties. Each county shall
2 receive the amount attributable to sales for which Illinois
3 addresses for titling or registration purposes are given as
4 being located in the unincorporated area of such county.

5 A portion of the money paid into the Local Government Tax
6 Fund from the ~~6.25%~~ general rate (and, beginning July 1, 2000
7 and through December 31, 2000, the 1.25% rate on motor fuel and
8 gasohol, and beginning on August 6, 2010 through August 15,
9 2010, the 1.25% rate on sales tax holiday items) on sales
10 subject to taxation under the Retailers' Occupation Tax Act and
11 the Service Occupation Tax Act, which occurred in
12 municipalities, shall be distributed to each municipality,
13 based upon the sales which occurred in that municipality. The
14 remainder shall be distributed to each county, based upon the
15 sales which occurred in the unincorporated area of such county.

16 For the purpose of determining allocation to the local
17 government unit, a retail sale by a producer of coal or other
18 mineral mined in Illinois is a sale at retail at the place
19 where the coal or other mineral mined in Illinois is extracted
20 from the earth. This paragraph does not apply to coal or other
21 mineral when it is delivered or shipped by the seller to the
22 purchaser at a point outside Illinois so that the sale is
23 exempt under the United States Constitution as a sale in
24 interstate or foreign commerce.

25 Whenever the Department determines that a refund of money
26 paid into the Local Government Tax Fund should be made to a

1 claimant instead of issuing a credit memorandum, the Department
2 shall notify the State Comptroller, who shall cause the order
3 to be drawn for the amount specified, and to the person named,
4 in such notification from the Department. Such refund shall be
5 paid by the State Treasurer out of the Local Government Tax
6 Fund.

7 As soon as possible after the first day of each month,
8 beginning January 1, 2011, upon certification of the Department
9 of Revenue, the Comptroller shall order transferred, and the
10 Treasurer shall transfer, to the STAR Bonds Revenue Fund the
11 local sales tax increment, as defined in the Innovation
12 Development and Economy Act, collected during the second
13 preceding calendar month for sales within a STAR bond district
14 and deposited into the Local Government Tax Fund, less 3% of
15 that amount, which shall be transferred into the Tax Compliance
16 and Administration Fund and shall be used by the Department,
17 subject to appropriation, to cover the costs of the Department
18 in administering the Innovation Development and Economy Act.

19 After the monthly transfer to the STAR Bonds Revenue Fund,
20 on or before the 25th day of each calendar month, the
21 Department shall prepare and certify to the Comptroller the
22 disbursement of stated sums of money to named municipalities
23 and counties, the municipalities and counties to be those
24 entitled to distribution of taxes or penalties paid to the
25 Department during the second preceding calendar month. The
26 amount to be paid to each municipality or county shall be the

1 amount (not including credit memoranda) collected during the
2 second preceding calendar month by the Department and paid into
3 the Local Government Tax Fund, plus an amount the Department
4 determines is necessary to offset any amounts which were
5 erroneously paid to a different taxing body, and not including
6 an amount equal to the amount of refunds made during the second
7 preceding calendar month by the Department, and not including
8 any amount which the Department determines is necessary to
9 offset any amounts which are payable to a different taxing body
10 but were erroneously paid to the municipality or county, and
11 not including any amounts that are transferred to the STAR
12 Bonds Revenue Fund. Within 10 days after receipt, by the
13 Comptroller, of the disbursement certification to the
14 municipalities and counties, provided for in this Section to be
15 given to the Comptroller by the Department, the Comptroller
16 shall cause the orders to be drawn for the respective amounts
17 in accordance with the directions contained in such
18 certification.

19 When certifying the amount of monthly disbursement to a
20 municipality or county under this Section, the Department shall
21 increase or decrease that amount by an amount necessary to
22 offset any misallocation of previous disbursements. The offset
23 amount shall be the amount erroneously disbursed within the 6
24 months preceding the time a misallocation is discovered.

25 The provisions directing the distributions from the
26 special fund in the State Treasury provided for in this Section

1 shall constitute an irrevocable and continuing appropriation
2 of all amounts as provided herein. The State Treasurer and
3 State Comptroller are hereby authorized to make distributions
4 as provided in this Section.

5 In construing any development, redevelopment, annexation,
6 preannexation or other lawful agreement in effect prior to
7 September 1, 1990, which describes or refers to receipts from a
8 county or municipal retailers' occupation tax, use tax or
9 service occupation tax which now cannot be imposed, such
10 description or reference shall be deemed to include the
11 replacement revenue for such abolished taxes, distributed from
12 the Local Government Tax Fund.

13 As soon as possible after the effective date of this
14 amendatory Act of the 98th General Assembly, the State
15 Comptroller shall order and the State Treasurer shall transfer
16 \$6,600,000 from the Local Government Tax Fund to the Illinois
17 State Medical Disciplinary Fund.

18 (Source: P.A. 97-333, eff. 8-12-11; 98-3, eff. 3-8-13.)

19 (30 ILCS 105/6z-20) (from Ch. 127, par. 142z-20)

20 Sec. 6z-20. Of the money received from the ~~6.25%~~ general
21 rate (and, beginning July 1, 2000 and through December 31,
22 2000, the 1.25% rate on motor fuel and gasohol, and beginning
23 on August 6, 2010 through August 15, 2010, the 1.25% rate on
24 sales tax holiday items) on sales subject to taxation under the
25 Retailers' Occupation Tax Act and Service Occupation Tax Act

1 and paid into the County and Mass Transit District Fund,
2 distribution to the Regional Transportation Authority tax
3 fund, created pursuant to Section 4.03 of the Regional
4 Transportation Authority Act, for deposit therein shall be made
5 based upon the retail sales occurring in a county having more
6 than 3,000,000 inhabitants. The remainder shall be distributed
7 to each county having 3,000,000 or fewer inhabitants based upon
8 the retail sales occurring in each such county.

9 For the purpose of determining allocation to the local
10 government unit, a retail sale by a producer of coal or other
11 mineral mined in Illinois is a sale at retail at the place
12 where the coal or other mineral mined in Illinois is extracted
13 from the earth. This paragraph does not apply to coal or other
14 mineral when it is delivered or shipped by the seller to the
15 purchaser at a point outside Illinois so that the sale is
16 exempt under the United States Constitution as a sale in
17 interstate or foreign commerce.

18 Of the money received from the ~~6.25%~~ general use tax rate
19 on tangible personal property which is purchased outside
20 Illinois at retail from a retailer and which is titled or
21 registered by any agency of this State's government and paid
22 into the County and Mass Transit District Fund, the amount for
23 which Illinois addresses for titling or registration purposes
24 are given as being in each county having more than 3,000,000
25 inhabitants shall be distributed into the Regional
26 Transportation Authority tax fund, created pursuant to Section

1 4.03 of the Regional Transportation Authority Act. The
2 remainder of the money paid from such sales shall be
3 distributed to each county based on sales for which Illinois
4 addresses for titling or registration purposes are given as
5 being located in the county. Any money paid into the Regional
6 Transportation Authority Occupation and Use Tax Replacement
7 Fund from the County and Mass Transit District Fund prior to
8 January 14, 1991, which has not been paid to the Authority
9 prior to that date, shall be transferred to the Regional
10 Transportation Authority tax fund.

11 Whenever the Department determines that a refund of money
12 paid into the County and Mass Transit District Fund should be
13 made to a claimant instead of issuing a credit memorandum, the
14 Department shall notify the State Comptroller, who shall cause
15 the order to be drawn for the amount specified, and to the
16 person named, in such notification from the Department. Such
17 refund shall be paid by the State Treasurer out of the County
18 and Mass Transit District Fund.

19 As soon as possible after the first day of each month,
20 beginning January 1, 2011, upon certification of the Department
21 of Revenue, the Comptroller shall order transferred, and the
22 Treasurer shall transfer, to the STAR Bonds Revenue Fund the
23 local sales tax increment, as defined in the Innovation
24 Development and Economy Act, collected during the second
25 preceding calendar month for sales within a STAR bond district
26 and deposited into the County and Mass Transit District Fund,

1 less 3% of that amount, which shall be transferred into the Tax
2 Compliance and Administration Fund and shall be used by the
3 Department, subject to appropriation, to cover the costs of the
4 Department in administering the Innovation Development and
5 Economy Act.

6 After the monthly transfer to the STAR Bonds Revenue Fund,
7 on or before the 25th day of each calendar month, the
8 Department shall prepare and certify to the Comptroller the
9 disbursement of stated sums of money to the Regional
10 Transportation Authority and to named counties, the counties to
11 be those entitled to distribution, as hereinabove provided, of
12 taxes or penalties paid to the Department during the second
13 preceding calendar month. The amount to be paid to the Regional
14 Transportation Authority and each county having 3,000,000 or
15 fewer inhabitants shall be the amount (not including credit
16 memoranda) collected during the second preceding calendar
17 month by the Department and paid into the County and Mass
18 Transit District Fund, plus an amount the Department determines
19 is necessary to offset any amounts which were erroneously paid
20 to a different taxing body, and not including an amount equal
21 to the amount of refunds made during the second preceding
22 calendar month by the Department, and not including any amount
23 which the Department determines is necessary to offset any
24 amounts which were payable to a different taxing body but were
25 erroneously paid to the Regional Transportation Authority or
26 county, and not including any amounts that are transferred to

1 the STAR Bonds Revenue Fund. Within 10 days after receipt, by
2 the Comptroller, of the disbursement certification to the
3 Regional Transportation Authority and counties, provided for
4 in this Section to be given to the Comptroller by the
5 Department, the Comptroller shall cause the orders to be drawn
6 for the respective amounts in accordance with the directions
7 contained in such certification.

8 When certifying the amount of a monthly disbursement to the
9 Regional Transportation Authority or to a county under this
10 Section, the Department shall increase or decrease that amount
11 by an amount necessary to offset any misallocation of previous
12 disbursements. The offset amount shall be the amount
13 erroneously disbursed within the 6 months preceding the time a
14 misallocation is discovered.

15 The provisions directing the distributions from the
16 special fund in the State Treasury provided for in this Section
17 and from the Regional Transportation Authority tax fund created
18 by Section 4.03 of the Regional Transportation Authority Act
19 shall constitute an irrevocable and continuing appropriation
20 of all amounts as provided herein. The State Treasurer and
21 State Comptroller are hereby authorized to make distributions
22 as provided in this Section.

23 In construing any development, redevelopment, annexation,
24 preannexation or other lawful agreement in effect prior to
25 September 1, 1990, which describes or refers to receipts from a
26 county or municipal retailers' occupation tax, use tax or

1 service occupation tax which now cannot be imposed, such
2 description or reference shall be deemed to include the
3 replacement revenue for such abolished taxes, distributed from
4 the County and Mass Transit District Fund or Local Government
5 Distributive Fund, as the case may be.

6 (Source: P.A. 96-939, eff. 6-24-10; 96-1012, eff. 7-7-10;
7 97-333, eff. 8-12-11.)

8 (30 ILCS 105/6z-43)

9 Sec. 6z-43. Tobacco Settlement Recovery Fund.

10 (a) There is created in the State Treasury a special fund
11 to be known as the Tobacco Settlement Recovery Fund, which
12 shall contain 3 accounts: (i) the General Account, (ii) the
13 Tobacco Settlement Bond Proceeds Account and (iii) the Tobacco
14 Settlement Residual Account. There shall be deposited into the
15 several accounts of the Tobacco Settlement Recovery Fund and
16 the Attorney General Tobacco Fund all monies paid to the State
17 pursuant to (1) the Master Settlement Agreement entered in the
18 case of People of the State of Illinois v. Philip Morris, et
19 al. (Circuit Court of Cook County, No. 96-L13146) and (2) any
20 settlement with or judgment against any tobacco product
21 manufacturer other than one participating in the Master
22 Settlement Agreement in satisfaction of any released claim as
23 defined in the Master Settlement Agreement, as well as any
24 other monies as provided by law. Moneys shall be deposited into
25 the Tobacco Settlement Bond Proceeds Account and the Tobacco

1 Settlement Residual Account as provided by the terms of the
2 Railsplitter Tobacco Settlement Authority Act, provided that
3 an annual amount not less than \$2,500,000, subject to
4 appropriation, shall be deposited into the Attorney General
5 Tobacco Fund for use only by the Attorney General's office. The
6 scheduled \$2,500,000 deposit into the Tobacco Settlement
7 Residual Account for fiscal year 2011 should be transferred to
8 the Attorney General Tobacco Fund in fiscal year 2012 as soon
9 as this fund has been established. All other moneys available
10 to be deposited into the Tobacco Settlement Recovery Fund shall
11 be deposited into the General Account. An investment made from
12 moneys credited to a specific account constitutes part of that
13 account and such account shall be credited with all income from
14 the investment of such moneys. The Treasurer may invest the
15 moneys in the several accounts the Fund in the same manner, in
16 the same types of investments, and subject to the same
17 limitations provided in the Illinois Pension Code for the
18 investment of pension funds other than those established under
19 Article 3 or 4 of the Code. Notwithstanding the foregoing, to
20 the extent necessary to preserve the tax-exempt status of any
21 bonds issued pursuant to the Railsplitter Tobacco Settlement
22 Authority Act, the interest on which is intended to be
23 excludable from the gross income of the owners for federal
24 income tax purposes, moneys on deposit in the Tobacco
25 Settlement Bond Proceeds Account and the Tobacco Settlement
26 Residual Account may be invested in obligations the interest

1 upon which is tax-exempt under the provisions of Section 103 of
2 the Internal Revenue Code of 1986, as now or hereafter amended,
3 or any successor code or provision.

4 (b) Moneys on deposit in the Tobacco Settlement Bond
5 Proceeds Account and the Tobacco Settlement Residual Account
6 may be expended, subject to appropriation, for the purposes
7 authorized in subsection (g) of Section 3-6 of the Railsplitter
8 Tobacco Settlement Authority Act.

9 (c) As soon as may be practical after June 30, 2001 and
10 until an initial transfer has been made to the Budget
11 Stabilization Fund under subsection (b) of Section 15 of the
12 Budget Stabilization Act as amended by this amendatory Act of
13 the 100th General Assembly, upon notification from and at the
14 direction of the Governor, the State Comptroller shall direct
15 and the State Treasurer shall transfer the unencumbered balance
16 in the Tobacco Settlement Recovery Fund as of June 30, 2001, as
17 determined by the Governor, into the Budget Stabilization Fund.
18 The Treasurer may invest the moneys in the Budget Stabilization
19 Fund in the same manner, in the same types of investments, and
20 subject to the same limitations provided in the Illinois
21 Pension Code for the investment of pension funds other than
22 those established under Article 3 or 4 of the Code.

23 (d) All federal financial participation moneys received
24 pursuant to expenditures from the Fund shall be deposited into
25 the General Account.

26 (Source: P.A. 99-78, eff. 7-20-15.)

1 (30 ILCS 105/6z-51)

2 Sec. 6z-51. Budget Stabilization Fund.

3 (a) The Budget Stabilization Fund, a special fund in the
4 State Treasury, shall consist of moneys appropriated or
5 transferred to that Fund, as provided in Section 6z-43 and as
6 otherwise provided by law. All earnings on Budget Stabilization
7 Fund investments shall be deposited into that Fund.

8 (b) Until an initial transfer has been made to the Budget
9 Stabilization Fund under subsection (b) of Section 15 of the
10 Budget Stabilization Act as amended by this amendatory Act of
11 the 100th General Assembly, the ~~The~~ State Comptroller may
12 direct the State Treasurer to transfer moneys from the Budget
13 Stabilization Fund to the General Revenue Fund in order to meet
14 cash flow deficits resulting from timing variations between
15 disbursements and the receipt of funds within a fiscal year.
16 Any moneys so borrowed in any fiscal year other than Fiscal
17 Year 2011 shall be repaid by June 30 of the fiscal year in
18 which they were borrowed. Any moneys so borrowed in Fiscal Year
19 2011 shall be repaid no later than July 15, 2011.

20 (c) During Fiscal Year 2017 only, amounts may be expended
21 from the Budget Stabilization Fund only pursuant to specific
22 authorization by appropriation. Any moneys expended pursuant
23 to appropriation shall not be subject to repayment.

24 (Source: P.A. 99-523, eff. 6-30-16.)

1 (30 ILCS 105/6z-102 new)

2 Sec. 6z-102. The Education Property Tax Relief Fund.

3 (a) The Education Property Tax Relief Fund is hereby
4 created as a special fund in the State treasury. The moneys
5 deposited into the Fund shall be distributed in accordance with
6 this Section.

7 (b) Any school district that reduces its operational
8 property tax levy for the 2019-2020 school year in relation to
9 the district's operational property tax levy for the 2018-2019
10 school year is eligible to receive a distribution from the
11 Fund, provided that the school district submits an application
12 to the Department of Revenue stating the school district's
13 operational property tax levy for the 2018-2019 school year and
14 the school district's operational property tax levy for the
15 2019-2020 school year. For the purposes of this Section,
16 "operational property tax levy" means the district's aggregate
17 property tax levy, less amounts levied for the repayment of
18 debt instruments having a repayment term of longer than 24
19 months. The Department of Revenue shall develop an application
20 for school districts to assist in administering this Section.
21 The Director of Revenue shall certify those amounts to the
22 State Comptroller.

23 (c) The amount of funds an eligible school district shall
24 receive from the Fund is a fraction of the Fund's balance as of
25 July 1, 2019, where the numerator is the difference between the
26 school district's operational property tax levy for the

1 2019-2020 school year compared to the school district's
2 operational property tax levy for the 2018-2019 school year and
3 the denominator is the difference between all eligible school
4 districts' operational property tax levies for the 2019-2020
5 school year compared with the operational property tax levies
6 for all eligible school districts for the 2018-2019 school
7 year. In no case shall a school district receive more funds
8 than the difference between the school district's operational
9 property tax levy for the 2018-2019 school year and the school
10 district's operational property tax levy for the 2019-2020
11 school year.

12 (d) On or prior to August 1, 2019, the amounts determined
13 in paragraph (c) of this subsection shall be distributed to
14 each eligible school district upon warrant of the Comptroller.
15 Any moneys remaining in the Education Property Tax Relief Fund
16 after the payment of all claims has been made shall be
17 transferred to the Common School Fund.

18 Section 12. The Budget Stabilization Act is amended by
19 changing Section 15 as follows:

20 (30 ILCS 122/15)

21 Sec. 15. Transfers to Budget Stabilization Fund. In
22 furtherance of the State's objective for the Budget
23 Stabilization Fund to have resources representing 5% of the
24 State's annual general funds revenues:

1 (a) On January 10, 2018 and each January 10 thereafter, the
2 Department on Aging, the Department of Healthcare and Family
3 Services, and the Department of Human Services shall certify to
4 the Comptroller the amount of invoices that may be paid from
5 appropriations in future fiscal years resulting from
6 insufficient appropriations in the current fiscal year. In
7 addition, the Department of Central Management Services shall
8 certify the amount of invoices that may be paid from
9 appropriations in future fiscal years due to insufficient
10 resources in the Health Insurance Reserve Fund, and the
11 Department of Revenue shall certify an estimate of the amount
12 of individual and corporate income tax overpayments that will
13 not be refunded before the close of the current fiscal year
14 resulting from insufficient deposits into the Income Tax Refund
15 Fund. On January 15, 2018 and each January 15 thereafter, the
16 Comptroller shall issue a report to the Governor and the
17 General Assembly detailing the total value of the amounts
18 certified by the Department on Aging and the Departments of
19 Central Management Services, Healthcare and Family Services,
20 Human Services, and Revenue. The report shall also include the
21 accounts payable with the Comptroller at the close of business
22 on December 31, 2017 and each December 31 thereafter. ~~For each~~
23 ~~fiscal year when the General Assembly's appropriations and~~
24 ~~transfers or diversions as required by law from general funds~~
25 ~~do not exceed 99% of the estimated general funds revenues~~
26 pursuant to subsection (a) of Section 10, the Comptroller shall

1 ~~transfer from the General Revenue Fund as provided by this~~
2 ~~Section a total amount equal to 0.5% of the estimated general~~
3 ~~funds revenues to the Budget Stabilization Fund.~~

4 (b) If the amount of accounts payable reported by the
5 Comptroller is an amount less than \$3,500,000,000, then, on the
6 last day of each month of the next fiscal year or as soon
7 thereafter as possible, the Comptroller shall order
8 transferred and the Treasurer shall transfer from the General
9 Revenue Fund to the Budget Stabilization Fund the lesser of (i)
10 \$400,000,000 or (ii) the amount necessary to maintain resources
11 in the Budget Stabilization Fund that is equal to 5% of the
12 total general funds revenues of the prior fiscal year, in equal
13 monthly installments. Nothing in this Act prohibits the General
14 Assembly from appropriating additional moneys into the Budget
15 Stabilization Fund; however, transfers or appropriations shall
16 only be made from the Budget Stabilization Fund under
17 subsection (d) of this Section. ~~For each fiscal year when the~~
18 ~~General Assembly's appropriations and transfers or diversions~~
19 ~~as required by law from general funds do not exceed 98% of the~~
20 ~~estimated general funds revenues pursuant to subsection (b) of~~
21 ~~Section 10, the Comptroller shall transfer from the General~~
22 ~~Revenue Fund as provided by this Section a total amount equal~~
23 ~~to 1% of the estimated general funds revenues to the Budget~~
24 ~~Stabilization Fund.~~

25 ~~(c) The Comptroller shall transfer 1/12 of the total amount~~
26 ~~to be transferred each fiscal year under this Section into the~~

1 ~~Budget Stabilization Fund on the first day of each month of~~
2 ~~that fiscal year or as soon thereafter as possible.~~ The balance
3 of the Budget Stabilization Fund shall not exceed 5% of the
4 total of general funds revenues estimated for that fiscal year.
5 If the balance of the Budget Stabilization Fund is equal to 5%
6 of the total general funds revenues of the prior fiscal year,
7 no further transfers shall be made to the Budget Stabilization
8 Fund. However, if the amounts certified to the Comptroller that
9 may be paid from future fiscal year resources by the Department
10 on Aging and the Departments of Central Management Services,
11 Healthcare and Family Services, Human Services, and Revenue
12 exceed zero, the Comptroller shall order transferred and the
13 Treasurer shall transfer from the General Revenue Fund to the
14 Health Insurance Reserve Fund, the Health Care Provider Relief
15 Fund, or the Income Tax Refund Fund an amount necessary to
16 reduce those amounts to zero, but not to exceed a monthly
17 aggregate of \$33,333,333. except as provided by subsection (d)
18 of this Section.

19 (d) Upon written notice from the Governor to the Clerk of
20 the House of Representatives, the Secretary of the Senate, and
21 the Secretary of State pursuant to Section 1.1 of the Short
22 Term Borrowing Act, the Comptroller may cease the order of any
23 further transfers to the Budget Stabilization Fund and may
24 order the transfer and the Treasurer shall transfer from the
25 Budget Stabilization Fund to the General Revenue Fund an amount
26 deemed necessary to maintain the State's accounts payable to an

1 amount below \$3,500,000,000. In the event that such written
2 notice has been provided, the General Assembly may make
3 transfers or appropriations from the Budget Stabilization Fund
4 as necessary to provide for the health, safety, and welfare of
5 the people of the State of Illinois. ~~If the balance of the~~
6 ~~Budget Stabilization Fund exceeds 5% of the total general funds~~
7 ~~revenues estimated for that fiscal year, the additional~~
8 ~~transfers are not required unless there are outstanding~~
9 ~~liabilities under Section 25 of the State Finance Act from~~
10 ~~prior fiscal years. If there are such outstanding Section 25~~
11 ~~liabilities, then the Comptroller shall continue to transfer~~
12 ~~1/12 of the total amount identified for transfer to the Budget~~
13 ~~Stabilization Fund on the first day of each month of that~~
14 ~~fiscal year or as soon thereafter as possible to be reserved~~
15 ~~for those Section 25 liabilities. Nothing in this Act prohibits~~
16 ~~the General Assembly from appropriating additional moneys into~~
17 ~~the Budget Stabilization Fund.~~

18 (e) On or before August 31 of each fiscal year, the amount
19 determined to be transferred to the Budget Stabilization Fund
20 shall be reconciled to actual general funds revenues for that
21 fiscal year. The final transfer for each fiscal year shall be
22 adjusted so that the total amount transferred under this
23 Section is equal to the amount ~~percentage~~ specified in
24 subsection ~~(a) or~~ (b) of this Section, as applicable, based on
25 actual general funds revenues calculated consistently with
26 subsection (c) of Section 10 of this Act for each fiscal year.

1 (f) For the fiscal year beginning July 1, 2006 and for each
2 fiscal year thereafter, the budget proposal to the General
3 Assembly shall identify liabilities incurred in a prior fiscal
4 year under Section 25 of the State Finance Act and the budget
5 proposal shall provide funding as allowable pursuant to
6 subsection (d) of this Section, if applicable.

7 (Source: P.A. 93-660, eff. 7-1-04; 94-839, eff. 6-6-06.)

8 Section 15. The Illinois Income Tax Act is amended by
9 changing Sections 201 and 901 as follows:

10 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

11 Sec. 201. Tax Imposed.

12 (a) In general. A tax measured by net income is hereby
13 imposed on every individual, corporation, trust and estate for
14 each taxable year ending after July 31, 1969 on the privilege
15 of earning or receiving income in or as a resident of this
16 State. Such tax shall be in addition to all other occupation or
17 privilege taxes imposed by this State or by any municipal
18 corporation or political subdivision thereof.

19 (b) Rates. The tax imposed by subsection (a) of this
20 Section shall be determined as follows, except as adjusted by
21 subsection (d-1):

22 (1) In the case of an individual, trust or estate, for
23 taxable years ending prior to July 1, 1989, an amount equal
24 to 2 1/2% of the taxpayer's net income for the taxable

1 year.

2 (2) In the case of an individual, trust or estate, for
3 taxable years beginning prior to July 1, 1989 and ending
4 after June 30, 1989, an amount equal to the sum of (i) 2
5 1/2% of the taxpayer's net income for the period prior to
6 July 1, 1989, as calculated under Section 202.3, and (ii)
7 3% of the taxpayer's net income for the period after June
8 30, 1989, as calculated under Section 202.3.

9 (3) In the case of an individual, trust or estate, for
10 taxable years beginning after June 30, 1989, and ending
11 prior to January 1, 2011, an amount equal to 3% of the
12 taxpayer's net income for the taxable year.

13 (4) In the case of an individual, trust, or estate, for
14 taxable years beginning prior to January 1, 2011, and
15 ending after December 31, 2010, an amount equal to the sum
16 of (i) 3% of the taxpayer's net income for the period prior
17 to January 1, 2011, as calculated under Section 202.5, and
18 (ii) 5% of the taxpayer's net income for the period after
19 December 31, 2010, as calculated under Section 202.5.

20 (5) In the case of an individual, trust, or estate, for
21 taxable years beginning on or after January 1, 2011, and
22 ending prior to January 1, 2015, an amount equal to 5% of
23 the taxpayer's net income for the taxable year.

24 (5.1) In the case of an individual, trust, or estate,
25 for taxable years beginning prior to January 1, 2015, and
26 ending after December 31, 2014, an amount equal to the sum

1 of (i) 5% of the taxpayer's net income for the period prior
2 to January 1, 2015, as calculated under Section 202.5, and
3 (ii) 3.75% of the taxpayer's net income for the period
4 after December 31, 2014, as calculated under Section 202.5.

5 (5.2) In the case of an individual, trust, or estate,
6 for taxable years beginning on or after January 1, 2015,
7 and ending prior to January 1, 2018 ~~January 1, 2025~~, an
8 amount equal to 3.75% of the taxpayer's net income for the
9 taxable year.

10 (5.3) In the case of an individual, trust, or estate,
11 for taxable years beginning prior to January 1, 2018
12 ~~January 1, 2025~~, and ending after December 31, 2017
13 ~~December 31, 2024~~, an amount equal to the sum of (i) for
14 the period prior to January 1, 2018, 3.75% of the
15 taxpayer's net income, as calculated under Section 202.5;
16 and (ii) for the period after December 31, 2017, as
17 calculated under Section 202.5:

18 (A) 4% of the portion of the taxpayer's net income
19 from \$0 to \$7,500;

20 (B) 5.84% of the portion of the taxpayer's net
21 income exceeding \$7,500 but not exceeding \$15,000;

22 (C) 6.27% of the portion of the taxpayer's net
23 income exceeding \$15,000 but not exceeding \$225,000;

24 and

25 (D) 7.65% of the portion of the taxpayer's net
26 income exceeding \$225,000.

1 ~~3.75% of the taxpayer's net income for the period~~
2 ~~prior to January 1, 2025, as calculated under Section~~
3 ~~202.5, and (ii) 3.25% of the taxpayer's net income for the~~
4 ~~period after December 31, 2024, as calculated under Section~~
5 ~~202.5.~~

6 (5.4) In the case of an individual, trust, or estate,
7 for taxable years beginning on or after January 1, 2018,
8 the following amounts:

9 (A) 4% of the portion of the taxpayer's net income
10 from \$0 to \$7,500;

11 (B) 5.84% of the portion of the taxpayer's net
12 income exceeding \$7,500 but not exceeding \$15,000;

13 (C) 6.27% of the portion of the taxpayer's net
14 income exceeding \$15,000 but not exceeding \$225,000;
15 and

16 (D) 7.65% of the portion of the taxpayer's net
17 income exceeding \$225,000. ~~January 1, 2025, an amount~~
18 ~~equal to 3.25% of the taxpayer's net income for the~~
19 ~~taxable year.~~

20 (6) In the case of a corporation, for taxable years
21 ending prior to July 1, 1989, an amount equal to 4% of the
22 taxpayer's net income for the taxable year.

23 (7) In the case of a corporation, for taxable years
24 beginning prior to July 1, 1989 and ending after June 30,
25 1989, an amount equal to the sum of (i) 4% of the
26 taxpayer's net income for the period prior to July 1, 1989,

1 as calculated under Section 202.3, and (ii) 4.8% of the
2 taxpayer's net income for the period after June 30, 1989,
3 as calculated under Section 202.3.

4 (8) In the case of a corporation, for taxable years
5 beginning after June 30, 1989, and ending prior to January
6 1, 2011, an amount equal to 4.8% of the taxpayer's net
7 income for the taxable year.

8 (9) In the case of a corporation, for taxable years
9 beginning prior to January 1, 2011, and ending after
10 December 31, 2010, an amount equal to the sum of (i) 4.8%
11 of the taxpayer's net income for the period prior to
12 January 1, 2011, as calculated under Section 202.5, and
13 (ii) 7% of the taxpayer's net income for the period after
14 December 31, 2010, as calculated under Section 202.5.

15 (10) In the case of a corporation, for taxable years
16 beginning on or after January 1, 2011, and ending prior to
17 January 1, 2015, an amount equal to 7% of the taxpayer's
18 net income for the taxable year.

19 (11) In the case of a corporation, for taxable years
20 beginning prior to January 1, 2015, and ending after
21 December 31, 2014, an amount equal to the sum of (i) 7% of
22 the taxpayer's net income for the period prior to January
23 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
24 of the taxpayer's net income for the period after December
25 31, 2014, as calculated under Section 202.5.

26 (12) In the case of a corporation, for taxable years

1 beginning on or after January 1, 2015, and ending prior to
2 January 1, 2025, an amount equal to 5.25% of the taxpayer's
3 net income for the taxable year.

4 (13) In the case of a corporation, for taxable years
5 beginning prior to January 1, 2025, and ending after
6 December 31, 2024, an amount equal to the sum of (i) 5.25%
7 of the taxpayer's net income for the period prior to
8 January 1, 2025, as calculated under Section 202.5, and
9 (ii) 4.8% of the taxpayer's net income for the period after
10 December 31, 2024, as calculated under Section 202.5.

11 (14) In the case of a corporation, for taxable years
12 beginning on or after January 1, 2025, an amount equal to
13 4.8% of the taxpayer's net income for the taxable year.

14 The rates under this subsection (b) are subject to the
15 provisions of Section 201.5.

16 (c) Personal Property Tax Replacement Income Tax.
17 Beginning on July 1, 1979 and thereafter, in addition to such
18 income tax, there is also hereby imposed the Personal Property
19 Tax Replacement Income Tax measured by net income on every
20 corporation (including Subchapter S corporations), partnership
21 and trust, for each taxable year ending after June 30, 1979.
22 Such taxes are imposed on the privilege of earning or receiving
23 income in or as a resident of this State. The Personal Property
24 Tax Replacement Income Tax shall be in addition to the income
25 tax imposed by subsections (a) and (b) of this Section and in
26 addition to all other occupation or privilege taxes imposed by

1 this State or by any municipal corporation or political
2 subdivision thereof.

3 (d) Additional Personal Property Tax Replacement Income
4 Tax Rates. The personal property tax replacement income tax
5 imposed by this subsection and subsection (c) of this Section
6 in the case of a corporation, other than a Subchapter S
7 corporation and except as adjusted by subsection (d-1), shall
8 be an additional amount equal to 2.85% of such taxpayer's net
9 income for the taxable year, except that beginning on January
10 1, 1981, and thereafter, the rate of 2.85% specified in this
11 subsection shall be reduced to 2.5%, and in the case of a
12 partnership, trust or a Subchapter S corporation shall be an
13 additional amount equal to 1.5% of such taxpayer's net income
14 for the taxable year.

15 (d-1) Rate reduction for certain foreign insurers. In the
16 case of a foreign insurer, as defined by Section 35A-5 of the
17 Illinois Insurance Code, whose state or country of domicile
18 imposes on insurers domiciled in Illinois a retaliatory tax
19 (excluding any insurer whose premiums from reinsurance assumed
20 are 50% or more of its total insurance premiums as determined
21 under paragraph (2) of subsection (b) of Section 304, except
22 that for purposes of this determination premiums from
23 reinsurance do not include premiums from inter-affiliate
24 reinsurance arrangements), beginning with taxable years ending
25 on or after December 31, 1999, the sum of the rates of tax
26 imposed by subsections (b) and (d) shall be reduced (but not

1 increased) to the rate at which the total amount of tax imposed
2 under this Act, net of all credits allowed under this Act,
3 shall equal (i) the total amount of tax that would be imposed
4 on the foreign insurer's net income allocable to Illinois for
5 the taxable year by such foreign insurer's state or country of
6 domicile if that net income were subject to all income taxes
7 and taxes measured by net income imposed by such foreign
8 insurer's state or country of domicile, net of all credits
9 allowed or (ii) a rate of zero if no such tax is imposed on such
10 income by the foreign insurer's state of domicile. For the
11 purposes of this subsection (d-1), an inter-affiliate includes
12 a mutual insurer under common management.

13 (1) For the purposes of subsection (d-1), in no event
14 shall the sum of the rates of tax imposed by subsections
15 (b) and (d) be reduced below the rate at which the sum of:

16 (A) the total amount of tax imposed on such foreign
17 insurer under this Act for a taxable year, net of all
18 credits allowed under this Act, plus

19 (B) the privilege tax imposed by Section 409 of the
20 Illinois Insurance Code, the fire insurance company
21 tax imposed by Section 12 of the Fire Investigation
22 Act, and the fire department taxes imposed under
23 Section 11-10-1 of the Illinois Municipal Code,
24 equals 1.25% for taxable years ending prior to December 31,
25 2003, or 1.75% for taxable years ending on or after
26 December 31, 2003, of the net taxable premiums written for

1 the taxable year, as described by subsection (1) of Section
2 409 of the Illinois Insurance Code. This paragraph will in
3 no event increase the rates imposed under subsections (b)
4 and (d).

5 (2) Any reduction in the rates of tax imposed by this
6 subsection shall be applied first against the rates imposed
7 by subsection (b) and only after the tax imposed by
8 subsection (a) net of all credits allowed under this
9 Section other than the credit allowed under subsection (i)
10 has been reduced to zero, against the rates imposed by
11 subsection (d).

12 This subsection (d-1) is exempt from the provisions of
13 Section 250.

14 (e) Investment credit. A taxpayer shall be allowed a credit
15 against the Personal Property Tax Replacement Income Tax for
16 investment in qualified property.

17 (1) A taxpayer shall be allowed a credit equal to .5%
18 of the basis of qualified property placed in service during
19 the taxable year, provided such property is placed in
20 service on or after July 1, 1984. There shall be allowed an
21 additional credit equal to .5% of the basis of qualified
22 property placed in service during the taxable year,
23 provided such property is placed in service on or after
24 July 1, 1986, and the taxpayer's base employment within
25 Illinois has increased by 1% or more over the preceding
26 year as determined by the taxpayer's employment records

1 filed with the Illinois Department of Employment Security.
2 Taxpayers who are new to Illinois shall be deemed to have
3 met the 1% growth in base employment for the first year in
4 which they file employment records with the Illinois
5 Department of Employment Security. The provisions added to
6 this Section by Public Act 85-1200 (and restored by Public
7 Act 87-895) shall be construed as declaratory of existing
8 law and not as a new enactment. If, in any year, the
9 increase in base employment within Illinois over the
10 preceding year is less than 1%, the additional credit shall
11 be limited to that percentage times a fraction, the
12 numerator of which is .5% and the denominator of which is
13 1%, but shall not exceed .5%. The investment credit shall
14 not be allowed to the extent that it would reduce a
15 taxpayer's liability in any tax year below zero, nor may
16 any credit for qualified property be allowed for any year
17 other than the year in which the property was placed in
18 service in Illinois. For tax years ending on or after
19 December 31, 1987, and on or before December 31, 1988, the
20 credit shall be allowed for the tax year in which the
21 property is placed in service, or, if the amount of the
22 credit exceeds the tax liability for that year, whether it
23 exceeds the original liability or the liability as later
24 amended, such excess may be carried forward and applied to
25 the tax liability of the 5 taxable years following the
26 excess credit years if the taxpayer (i) makes investments

1 which cause the creation of a minimum of 2,000 full-time
2 equivalent jobs in Illinois, (ii) is located in an
3 enterprise zone established pursuant to the Illinois
4 Enterprise Zone Act and (iii) is certified by the
5 Department of Commerce and Community Affairs (now
6 Department of Commerce and Economic Opportunity) as
7 complying with the requirements specified in clause (i) and
8 (ii) by July 1, 1986. The Department of Commerce and
9 Community Affairs (now Department of Commerce and Economic
10 Opportunity) shall notify the Department of Revenue of all
11 such certifications immediately. For tax years ending
12 after December 31, 1988, the credit shall be allowed for
13 the tax year in which the property is placed in service,
14 or, if the amount of the credit exceeds the tax liability
15 for that year, whether it exceeds the original liability or
16 the liability as later amended, such excess may be carried
17 forward and applied to the tax liability of the 5 taxable
18 years following the excess credit years. The credit shall
19 be applied to the earliest year for which there is a
20 liability. If there is credit from more than one tax year
21 that is available to offset a liability, earlier credit
22 shall be applied first.

23 (2) The term "qualified property" means property
24 which:

25 (A) is tangible, whether new or used, including
26 buildings and structural components of buildings and

1 signs that are real property, but not including land or
2 improvements to real property that are not a structural
3 component of a building such as landscaping, sewer
4 lines, local access roads, fencing, parking lots, and
5 other appurtenances;

6 (B) is depreciable pursuant to Section 167 of the
7 Internal Revenue Code, except that "3-year property"
8 as defined in Section 168(c)(2)(A) of that Code is not
9 eligible for the credit provided by this subsection
10 (e);

11 (C) is acquired by purchase as defined in Section
12 179(d) of the Internal Revenue Code;

13 (D) is used in Illinois by a taxpayer who is
14 primarily engaged in manufacturing, or in mining coal
15 or fluorite, or in retailing, or was placed in service
16 on or after July 1, 2006 in a River Edge Redevelopment
17 Zone established pursuant to the River Edge
18 Redevelopment Zone Act; and

19 (E) has not previously been used in Illinois in
20 such a manner and by such a person as would qualify for
21 the credit provided by this subsection (e) or
22 subsection (f).

23 (3) For purposes of this subsection (e),
24 "manufacturing" means the material staging and production
25 of tangible personal property by procedures commonly
26 regarded as manufacturing, processing, fabrication, or

1 assembling which changes some existing material into new
2 shapes, new qualities, or new combinations. For purposes of
3 this subsection (e) the term "mining" shall have the same
4 meaning as the term "mining" in Section 613(c) of the
5 Internal Revenue Code. For purposes of this subsection (e),
6 the term "retailing" means the sale of tangible personal
7 property for use or consumption and not for resale, or
8 services rendered in conjunction with the sale of tangible
9 personal property for use or consumption and not for
10 resale. For purposes of this subsection (e), "tangible
11 personal property" has the same meaning as when that term
12 is used in the Retailers' Occupation Tax Act, and, for
13 taxable years ending after December 31, 2008, does not
14 include the generation, transmission, or distribution of
15 electricity.

16 (4) The basis of qualified property shall be the basis
17 used to compute the depreciation deduction for federal
18 income tax purposes.

19 (5) If the basis of the property for federal income tax
20 depreciation purposes is increased after it has been placed
21 in service in Illinois by the taxpayer, the amount of such
22 increase shall be deemed property placed in service on the
23 date of such increase in basis.

24 (6) The term "placed in service" shall have the same
25 meaning as under Section 46 of the Internal Revenue Code.

26 (7) If during any taxable year, any property ceases to

1 be qualified property in the hands of the taxpayer within
2 48 months after being placed in service, or the situs of
3 any qualified property is moved outside Illinois within 48
4 months after being placed in service, the Personal Property
5 Tax Replacement Income Tax for such taxable year shall be
6 increased. Such increase shall be determined by (i)
7 recomputing the investment credit which would have been
8 allowed for the year in which credit for such property was
9 originally allowed by eliminating such property from such
10 computation and, (ii) subtracting such recomputed credit
11 from the amount of credit previously allowed. For the
12 purposes of this paragraph (7), a reduction of the basis of
13 qualified property resulting from a redetermination of the
14 purchase price shall be deemed a disposition of qualified
15 property to the extent of such reduction.

16 (8) Unless the investment credit is extended by law,
17 the basis of qualified property shall not include costs
18 incurred after December 31, 2018, except for costs incurred
19 pursuant to a binding contract entered into on or before
20 December 31, 2018.

21 (9) Each taxable year ending before December 31, 2000,
22 a partnership may elect to pass through to its partners the
23 credits to which the partnership is entitled under this
24 subsection (e) for the taxable year. A partner may use the
25 credit allocated to him or her under this paragraph only
26 against the tax imposed in subsections (c) and (d) of this

1 Section. If the partnership makes that election, those
2 credits shall be allocated among the partners in the
3 partnership in accordance with the rules set forth in
4 Section 704(b) of the Internal Revenue Code, and the rules
5 promulgated under that Section, and the allocated amount of
6 the credits shall be allowed to the partners for that
7 taxable year. The partnership shall make this election on
8 its Personal Property Tax Replacement Income Tax return for
9 that taxable year. The election to pass through the credits
10 shall be irrevocable.

11 For taxable years ending on or after December 31, 2000,
12 a partner that qualifies its partnership for a subtraction
13 under subparagraph (I) of paragraph (2) of subsection (d)
14 of Section 203 or a shareholder that qualifies a Subchapter
15 S corporation for a subtraction under subparagraph (S) of
16 paragraph (2) of subsection (b) of Section 203 shall be
17 allowed a credit under this subsection (e) equal to its
18 share of the credit earned under this subsection (e) during
19 the taxable year by the partnership or Subchapter S
20 corporation, determined in accordance with the
21 determination of income and distributive share of income
22 under Sections 702 and 704 and Subchapter S of the Internal
23 Revenue Code. This paragraph is exempt from the provisions
24 of Section 250.

25 (f) Investment credit; Enterprise Zone; River Edge
26 Redevelopment Zone.

1 (1) A taxpayer shall be allowed a credit against the
2 tax imposed by subsections (a) and (b) of this Section for
3 investment in qualified property which is placed in service
4 in an Enterprise Zone created pursuant to the Illinois
5 Enterprise Zone Act or, for property placed in service on
6 or after July 1, 2006, a River Edge Redevelopment Zone
7 established pursuant to the River Edge Redevelopment Zone
8 Act. For partners, shareholders of Subchapter S
9 corporations, and owners of limited liability companies,
10 if the liability company is treated as a partnership for
11 purposes of federal and State income taxation, there shall
12 be allowed a credit under this subsection (f) to be
13 determined in accordance with the determination of income
14 and distributive share of income under Sections 702 and 704
15 and Subchapter S of the Internal Revenue Code. The credit
16 shall be .5% of the basis for such property. The credit
17 shall be available only in the taxable year in which the
18 property is placed in service in the Enterprise Zone or
19 River Edge Redevelopment Zone and shall not be allowed to
20 the extent that it would reduce a taxpayer's liability for
21 the tax imposed by subsections (a) and (b) of this Section
22 to below zero. For tax years ending on or after December
23 31, 1985, the credit shall be allowed for the tax year in
24 which the property is placed in service, or, if the amount
25 of the credit exceeds the tax liability for that year,
26 whether it exceeds the original liability or the liability

1 as later amended, such excess may be carried forward and
2 applied to the tax liability of the 5 taxable years
3 following the excess credit year. The credit shall be
4 applied to the earliest year for which there is a
5 liability. If there is credit from more than one tax year
6 that is available to offset a liability, the credit
7 accruing first in time shall be applied first.

8 (2) The term qualified property means property which:

9 (A) is tangible, whether new or used, including
10 buildings and structural components of buildings;

11 (B) is depreciable pursuant to Section 167 of the
12 Internal Revenue Code, except that "3-year property"
13 as defined in Section 168(c) (2) (A) of that Code is not
14 eligible for the credit provided by this subsection
15 (f);

16 (C) is acquired by purchase as defined in Section
17 179(d) of the Internal Revenue Code;

18 (D) is used in the Enterprise Zone or River Edge
19 Redevelopment Zone by the taxpayer; and

20 (E) has not been previously used in Illinois in
21 such a manner and by such a person as would qualify for
22 the credit provided by this subsection (f) or
23 subsection (e).

24 (3) The basis of qualified property shall be the basis
25 used to compute the depreciation deduction for federal
26 income tax purposes.

1 (4) If the basis of the property for federal income tax
2 depreciation purposes is increased after it has been placed
3 in service in the Enterprise Zone or River Edge
4 Redevelopment Zone by the taxpayer, the amount of such
5 increase shall be deemed property placed in service on the
6 date of such increase in basis.

7 (5) The term "placed in service" shall have the same
8 meaning as under Section 46 of the Internal Revenue Code.

9 (6) If during any taxable year, any property ceases to
10 be qualified property in the hands of the taxpayer within
11 48 months after being placed in service, or the situs of
12 any qualified property is moved outside the Enterprise Zone
13 or River Edge Redevelopment Zone within 48 months after
14 being placed in service, the tax imposed under subsections
15 (a) and (b) of this Section for such taxable year shall be
16 increased. Such increase shall be determined by (i)
17 recomputing the investment credit which would have been
18 allowed for the year in which credit for such property was
19 originally allowed by eliminating such property from such
20 computation, and (ii) subtracting such recomputed credit
21 from the amount of credit previously allowed. For the
22 purposes of this paragraph (6), a reduction of the basis of
23 qualified property resulting from a redetermination of the
24 purchase price shall be deemed a disposition of qualified
25 property to the extent of such reduction.

26 (7) There shall be allowed an additional credit equal

1 to 0.5% of the basis of qualified property placed in
2 service during the taxable year in a River Edge
3 Redevelopment Zone, provided such property is placed in
4 service on or after July 1, 2006, and the taxpayer's base
5 employment within Illinois has increased by 1% or more over
6 the preceding year as determined by the taxpayer's
7 employment records filed with the Illinois Department of
8 Employment Security. Taxpayers who are new to Illinois
9 shall be deemed to have met the 1% growth in base
10 employment for the first year in which they file employment
11 records with the Illinois Department of Employment
12 Security. If, in any year, the increase in base employment
13 within Illinois over the preceding year is less than 1%,
14 the additional credit shall be limited to that percentage
15 times a fraction, the numerator of which is 0.5% and the
16 denominator of which is 1%, but shall not exceed 0.5%.

17 (g) (Blank).

18 (h) Investment credit; High Impact Business.

19 (1) Subject to subsections (b) and (b-5) of Section 5.5
20 of the Illinois Enterprise Zone Act, a taxpayer shall be
21 allowed a credit against the tax imposed by subsections (a)
22 and (b) of this Section for investment in qualified
23 property which is placed in service by a Department of
24 Commerce and Economic Opportunity designated High Impact
25 Business. The credit shall be .5% of the basis for such
26 property. The credit shall not be available (i) until the

1 minimum investments in qualified property set forth in
2 subdivision (a)(3)(A) of Section 5.5 of the Illinois
3 Enterprise Zone Act have been satisfied or (ii) until the
4 time authorized in subsection (b-5) of the Illinois
5 Enterprise Zone Act for entities designated as High Impact
6 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
7 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
8 Act, and shall not be allowed to the extent that it would
9 reduce a taxpayer's liability for the tax imposed by
10 subsections (a) and (b) of this Section to below zero. The
11 credit applicable to such investments shall be taken in the
12 taxable year in which such investments have been completed.
13 The credit for additional investments beyond the minimum
14 investment by a designated high impact business authorized
15 under subdivision (a)(3)(A) of Section 5.5 of the Illinois
16 Enterprise Zone Act shall be available only in the taxable
17 year in which the property is placed in service and shall
18 not be allowed to the extent that it would reduce a
19 taxpayer's liability for the tax imposed by subsections (a)
20 and (b) of this Section to below zero. For tax years ending
21 on or after December 31, 1987, the credit shall be allowed
22 for the tax year in which the property is placed in
23 service, or, if the amount of the credit exceeds the tax
24 liability for that year, whether it exceeds the original
25 liability or the liability as later amended, such excess
26 may be carried forward and applied to the tax liability of

1 the 5 taxable years following the excess credit year. The
2 credit shall be applied to the earliest year for which
3 there is a liability. If there is credit from more than one
4 tax year that is available to offset a liability, the
5 credit accruing first in time shall be applied first.

6 Changes made in this subdivision (h) (1) by Public Act
7 88-670 restore changes made by Public Act 85-1182 and
8 reflect existing law.

9 (2) The term qualified property means property which:

10 (A) is tangible, whether new or used, including
11 buildings and structural components of buildings;

12 (B) is depreciable pursuant to Section 167 of the
13 Internal Revenue Code, except that "3-year property"
14 as defined in Section 168(c) (2) (A) of that Code is not
15 eligible for the credit provided by this subsection
16 (h);

17 (C) is acquired by purchase as defined in Section
18 179(d) of the Internal Revenue Code; and

19 (D) is not eligible for the Enterprise Zone
20 Investment Credit provided by subsection (f) of this
21 Section.

22 (3) The basis of qualified property shall be the basis
23 used to compute the depreciation deduction for federal
24 income tax purposes.

25 (4) If the basis of the property for federal income tax
26 depreciation purposes is increased after it has been placed

1 in service in a federally designated Foreign Trade Zone or
2 Sub-Zone located in Illinois by the taxpayer, the amount of
3 such increase shall be deemed property placed in service on
4 the date of such increase in basis.

5 (5) The term "placed in service" shall have the same
6 meaning as under Section 46 of the Internal Revenue Code.

7 (6) If during any taxable year ending on or before
8 December 31, 1996, any property ceases to be qualified
9 property in the hands of the taxpayer within 48 months
10 after being placed in service, or the situs of any
11 qualified property is moved outside Illinois within 48
12 months after being placed in service, the tax imposed under
13 subsections (a) and (b) of this Section for such taxable
14 year shall be increased. Such increase shall be determined
15 by (i) recomputing the investment credit which would have
16 been allowed for the year in which credit for such property
17 was originally allowed by eliminating such property from
18 such computation, and (ii) subtracting such recomputed
19 credit from the amount of credit previously allowed. For
20 the purposes of this paragraph (6), a reduction of the
21 basis of qualified property resulting from a
22 redetermination of the purchase price shall be deemed a
23 disposition of qualified property to the extent of such
24 reduction.

25 (7) Beginning with tax years ending after December 31,
26 1996, if a taxpayer qualifies for the credit under this

1 subsection (h) and thereby is granted a tax abatement and
2 the taxpayer relocates its entire facility in violation of
3 the explicit terms and length of the contract under Section
4 18-183 of the Property Tax Code, the tax imposed under
5 subsections (a) and (b) of this Section shall be increased
6 for the taxable year in which the taxpayer relocated its
7 facility by an amount equal to the amount of credit
8 received by the taxpayer under this subsection (h).

9 (i) Credit for Personal Property Tax Replacement Income
10 Tax. For tax years ending prior to December 31, 2003, a credit
11 shall be allowed against the tax imposed by subsections (a) and
12 (b) of this Section for the tax imposed by subsections (c) and
13 (d) of this Section. This credit shall be computed by
14 multiplying the tax imposed by subsections (c) and (d) of this
15 Section by a fraction, the numerator of which is base income
16 allocable to Illinois and the denominator of which is Illinois
17 base income, and further multiplying the product by the tax
18 rate imposed by subsections (a) and (b) of this Section.

19 Any credit earned on or after December 31, 1986 under this
20 subsection which is unused in the year the credit is computed
21 because it exceeds the tax liability imposed by subsections (a)
22 and (b) for that year (whether it exceeds the original
23 liability or the liability as later amended) may be carried
24 forward and applied to the tax liability imposed by subsections
25 (a) and (b) of the 5 taxable years following the excess credit
26 year, provided that no credit may be carried forward to any

1 year ending on or after December 31, 2003. This credit shall be
2 applied first to the earliest year for which there is a
3 liability. If there is a credit under this subsection from more
4 than one tax year that is available to offset a liability the
5 earliest credit arising under this subsection shall be applied
6 first.

7 If, during any taxable year ending on or after December 31,
8 1986, the tax imposed by subsections (c) and (d) of this
9 Section for which a taxpayer has claimed a credit under this
10 subsection (i) is reduced, the amount of credit for such tax
11 shall also be reduced. Such reduction shall be determined by
12 recomputing the credit to take into account the reduced tax
13 imposed by subsections (c) and (d). If any portion of the
14 reduced amount of credit has been carried to a different
15 taxable year, an amended return shall be filed for such taxable
16 year to reduce the amount of credit claimed.

17 (j) Training expense credit. Beginning with tax years
18 ending on or after December 31, 1986 and prior to December 31,
19 2003, a taxpayer shall be allowed a credit against the tax
20 imposed by subsections (a) and (b) under this Section for all
21 amounts paid or accrued, on behalf of all persons employed by
22 the taxpayer in Illinois or Illinois residents employed outside
23 of Illinois by a taxpayer, for educational or vocational
24 training in semi-technical or technical fields or semi-skilled
25 or skilled fields, which were deducted from gross income in the
26 computation of taxable income. The credit against the tax

1 imposed by subsections (a) and (b) shall be 1.6% of such
2 training expenses. For partners, shareholders of subchapter S
3 corporations, and owners of limited liability companies, if the
4 liability company is treated as a partnership for purposes of
5 federal and State income taxation, there shall be allowed a
6 credit under this subsection (j) to be determined in accordance
7 with the determination of income and distributive share of
8 income under Sections 702 and 704 and subchapter S of the
9 Internal Revenue Code.

10 Any credit allowed under this subsection which is unused in
11 the year the credit is earned may be carried forward to each of
12 the 5 taxable years following the year for which the credit is
13 first computed until it is used. This credit shall be applied
14 first to the earliest year for which there is a liability. If
15 there is a credit under this subsection from more than one tax
16 year that is available to offset a liability the earliest
17 credit arising under this subsection shall be applied first. No
18 carryforward credit may be claimed in any tax year ending on or
19 after December 31, 2003.

20 (k) Research and development credit. For tax years ending
21 after July 1, 1990 and prior to December 31, 2003, and
22 beginning again for tax years ending on or after December 31,
23 2004, and ending prior to January 1, 2016, a taxpayer shall be
24 allowed a credit against the tax imposed by subsections (a) and
25 (b) of this Section for increasing research activities in this
26 State. The credit allowed against the tax imposed by

1 subsections (a) and (b) shall be equal to 6 1/2% of the
2 qualifying expenditures for increasing research activities in
3 this State. For partners, shareholders of subchapter S
4 corporations, and owners of limited liability companies, if the
5 liability company is treated as a partnership for purposes of
6 federal and State income taxation, there shall be allowed a
7 credit under this subsection to be determined in accordance
8 with the determination of income and distributive share of
9 income under Sections 702 and 704 and subchapter S of the
10 Internal Revenue Code.

11 For purposes of this subsection, "qualifying expenditures"
12 means the qualifying expenditures as defined for the federal
13 credit for increasing research activities which would be
14 allowable under Section 41 of the Internal Revenue Code and
15 which are conducted in this State, "qualifying expenditures for
16 increasing research activities in this State" means the excess
17 of qualifying expenditures for the taxable year in which
18 incurred over qualifying expenditures for the base period,
19 "qualifying expenditures for the base period" means the average
20 of the qualifying expenditures for each year in the base
21 period, and "base period" means the 3 taxable years immediately
22 preceding the taxable year for which the determination is being
23 made.

24 Any credit in excess of the tax liability for the taxable
25 year may be carried forward. A taxpayer may elect to have the
26 unused credit shown on its final completed return carried over

1 as a credit against the tax liability for the following 5
2 taxable years or until it has been fully used, whichever occurs
3 first; provided that no credit earned in a tax year ending
4 prior to December 31, 2003 may be carried forward to any year
5 ending on or after December 31, 2003.

6 If an unused credit is carried forward to a given year from
7 2 or more earlier years, that credit arising in the earliest
8 year will be applied first against the tax liability for the
9 given year. If a tax liability for the given year still
10 remains, the credit from the next earliest year will then be
11 applied, and so on, until all credits have been used or no tax
12 liability for the given year remains. Any remaining unused
13 credit or credits then will be carried forward to the next
14 following year in which a tax liability is incurred, except
15 that no credit can be carried forward to a year which is more
16 than 5 years after the year in which the expense for which the
17 credit is given was incurred.

18 No inference shall be drawn from this amendatory Act of the
19 91st General Assembly in construing this Section for taxable
20 years beginning before January 1, 1999.

21 (1) Environmental Remediation Tax Credit.

22 (i) For tax years ending after December 31, 1997 and on
23 or before December 31, 2001, a taxpayer shall be allowed a
24 credit against the tax imposed by subsections (a) and (b)
25 of this Section for certain amounts paid for unreimbursed
26 eligible remediation costs, as specified in this

1 subsection. For purposes of this Section, "unreimbursed
2 eligible remediation costs" means costs approved by the
3 Illinois Environmental Protection Agency ("Agency") under
4 Section 58.14 of the Environmental Protection Act that were
5 paid in performing environmental remediation at a site for
6 which a No Further Remediation Letter was issued by the
7 Agency and recorded under Section 58.10 of the
8 Environmental Protection Act. The credit must be claimed
9 for the taxable year in which Agency approval of the
10 eligible remediation costs is granted. The credit is not
11 available to any taxpayer if the taxpayer or any related
12 party caused or contributed to, in any material respect, a
13 release of regulated substances on, in, or under the site
14 that was identified and addressed by the remedial action
15 pursuant to the Site Remediation Program of the
16 Environmental Protection Act. After the Pollution Control
17 Board rules are adopted pursuant to the Illinois
18 Administrative Procedure Act for the administration and
19 enforcement of Section 58.9 of the Environmental
20 Protection Act, determinations as to credit availability
21 for purposes of this Section shall be made consistent with
22 those rules. For purposes of this Section, "taxpayer"
23 includes a person whose tax attributes the taxpayer has
24 succeeded to under Section 381 of the Internal Revenue Code
25 and "related party" includes the persons disallowed a
26 deduction for losses by paragraphs (b), (c), and (f)(1) of

1 Section 267 of the Internal Revenue Code by virtue of being
2 a related taxpayer, as well as any of its partners. The
3 credit allowed against the tax imposed by subsections (a)
4 and (b) shall be equal to 25% of the unreimbursed eligible
5 remediation costs in excess of \$100,000 per site, except
6 that the \$100,000 threshold shall not apply to any site
7 contained in an enterprise zone as determined by the
8 Department of Commerce and Community Affairs (now
9 Department of Commerce and Economic Opportunity). The
10 total credit allowed shall not exceed \$40,000 per year with
11 a maximum total of \$150,000 per site. For partners and
12 shareholders of subchapter S corporations, there shall be
13 allowed a credit under this subsection to be determined in
14 accordance with the determination of income and
15 distributive share of income under Sections 702 and 704 and
16 subchapter S of the Internal Revenue Code.

17 (ii) A credit allowed under this subsection that is
18 unused in the year the credit is earned may be carried
19 forward to each of the 5 taxable years following the year
20 for which the credit is first earned until it is used. The
21 term "unused credit" does not include any amounts of
22 unreimbursed eligible remediation costs in excess of the
23 maximum credit per site authorized under paragraph (i).
24 This credit shall be applied first to the earliest year for
25 which there is a liability. If there is a credit under this
26 subsection from more than one tax year that is available to

1 offset a liability, the earliest credit arising under this
2 subsection shall be applied first. A credit allowed under
3 this subsection may be sold to a buyer as part of a sale of
4 all or part of the remediation site for which the credit
5 was granted. The purchaser of a remediation site and the
6 tax credit shall succeed to the unused credit and remaining
7 carry-forward period of the seller. To perfect the
8 transfer, the assignor shall record the transfer in the
9 chain of title for the site and provide written notice to
10 the Director of the Illinois Department of Revenue of the
11 assignor's intent to sell the remediation site and the
12 amount of the tax credit to be transferred as a portion of
13 the sale. In no event may a credit be transferred to any
14 taxpayer if the taxpayer or a related party would not be
15 eligible under the provisions of subsection (i).

16 (iii) For purposes of this Section, the term "site"
17 shall have the same meaning as under Section 58.2 of the
18 Environmental Protection Act.

19 (m) Education expense credit. Beginning with tax years
20 ending after December 31, 1999, a taxpayer who is the custodian
21 of one or more qualifying pupils shall be allowed a credit
22 against the tax imposed by subsections (a) and (b) of this
23 Section for qualified education expenses incurred on behalf of
24 the qualifying pupils. The credit shall be equal to 25% of
25 qualified education expenses, but in no event may the total
26 credit under this subsection claimed by a family that is the

1 custodian of qualifying pupils exceed \$500. In no event shall a
2 credit under this subsection reduce the taxpayer's liability
3 under this Act to less than zero. This subsection is exempt
4 from the provisions of Section 250 of this Act.

5 For purposes of this subsection:

6 "Qualifying pupils" means individuals who (i) are
7 residents of the State of Illinois, (ii) are under the age of
8 21 at the close of the school year for which a credit is
9 sought, and (iii) during the school year for which a credit is
10 sought were full-time pupils enrolled in a kindergarten through
11 twelfth grade education program at any school, as defined in
12 this subsection.

13 "Qualified education expense" means the amount incurred on
14 behalf of a qualifying pupil in excess of \$250 for tuition,
15 book fees, and lab fees at the school in which the pupil is
16 enrolled during the regular school year.

17 "School" means any public or nonpublic elementary or
18 secondary school in Illinois that is in compliance with Title
19 VI of the Civil Rights Act of 1964 and attendance at which
20 satisfies the requirements of Section 26-1 of the School Code,
21 except that nothing shall be construed to require a child to
22 attend any particular public or nonpublic school to qualify for
23 the credit under this Section.

24 "Custodian" means, with respect to qualifying pupils, an
25 Illinois resident who is a parent, the parents, a legal
26 guardian, or the legal guardians of the qualifying pupils.

1 (n) River Edge Redevelopment Zone site remediation tax
2 credit.

3 (i) For tax years ending on or after December 31, 2006,
4 a taxpayer shall be allowed a credit against the tax
5 imposed by subsections (a) and (b) of this Section for
6 certain amounts paid for unreimbursed eligible remediation
7 costs, as specified in this subsection. For purposes of
8 this Section, "unreimbursed eligible remediation costs"
9 means costs approved by the Illinois Environmental
10 Protection Agency ("Agency") under Section 58.14a of the
11 Environmental Protection Act that were paid in performing
12 environmental remediation at a site within a River Edge
13 Redevelopment Zone for which a No Further Remediation
14 Letter was issued by the Agency and recorded under Section
15 58.10 of the Environmental Protection Act. The credit must
16 be claimed for the taxable year in which Agency approval of
17 the eligible remediation costs is granted. The credit is
18 not available to any taxpayer if the taxpayer or any
19 related party caused or contributed to, in any material
20 respect, a release of regulated substances on, in, or under
21 the site that was identified and addressed by the remedial
22 action pursuant to the Site Remediation Program of the
23 Environmental Protection Act. Determinations as to credit
24 availability for purposes of this Section shall be made
25 consistent with rules adopted by the Pollution Control
26 Board pursuant to the Illinois Administrative Procedure

1 Act for the administration and enforcement of Section 58.9
2 of the Environmental Protection Act. For purposes of this
3 Section, "taxpayer" includes a person whose tax attributes
4 the taxpayer has succeeded to under Section 381 of the
5 Internal Revenue Code and "related party" includes the
6 persons disallowed a deduction for losses by paragraphs
7 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
8 Code by virtue of being a related taxpayer, as well as any
9 of its partners. The credit allowed against the tax imposed
10 by subsections (a) and (b) shall be equal to 25% of the
11 unreimbursed eligible remediation costs in excess of
12 \$100,000 per site.

13 (ii) A credit allowed under this subsection that is
14 unused in the year the credit is earned may be carried
15 forward to each of the 5 taxable years following the year
16 for which the credit is first earned until it is used. This
17 credit shall be applied first to the earliest year for
18 which there is a liability. If there is a credit under this
19 subsection from more than one tax year that is available to
20 offset a liability, the earliest credit arising under this
21 subsection shall be applied first. A credit allowed under
22 this subsection may be sold to a buyer as part of a sale of
23 all or part of the remediation site for which the credit
24 was granted. The purchaser of a remediation site and the
25 tax credit shall succeed to the unused credit and remaining
26 carry-forward period of the seller. To perfect the

1 transfer, the assignor shall record the transfer in the
2 chain of title for the site and provide written notice to
3 the Director of the Illinois Department of Revenue of the
4 assignor's intent to sell the remediation site and the
5 amount of the tax credit to be transferred as a portion of
6 the sale. In no event may a credit be transferred to any
7 taxpayer if the taxpayer or a related party would not be
8 eligible under the provisions of subsection (i).

9 (iii) For purposes of this Section, the term "site"
10 shall have the same meaning as under Section 58.2 of the
11 Environmental Protection Act.

12 (o) For each of taxable years during the Compassionate Use
13 of Medical Cannabis Pilot Program, a surcharge is imposed on
14 all taxpayers on income arising from the sale or exchange of
15 capital assets, depreciable business property, real property
16 used in the trade or business, and Section 197 intangibles of
17 an organization registrant under the Compassionate Use of
18 Medical Cannabis Pilot Program Act. The amount of the surcharge
19 is equal to the amount of federal income tax liability for the
20 taxable year attributable to those sales and exchanges. The
21 surcharge imposed does not apply if:

22 (1) the medical cannabis cultivation center
23 registration, medical cannabis dispensary registration, or
24 the property of a registration is transferred as a result
25 of any of the following:

26 (A) bankruptcy, a receivership, or a debt

1 adjustment initiated by or against the initial
2 registration or the substantial owners of the initial
3 registration;

4 (B) cancellation, revocation, or termination of
5 any registration by the Illinois Department of Public
6 Health;

7 (C) a determination by the Illinois Department of
8 Public Health that transfer of the registration is in
9 the best interests of Illinois qualifying patients as
10 defined by the Compassionate Use of Medical Cannabis
11 Pilot Program Act;

12 (D) the death of an owner of the equity interest in
13 a registrant;

14 (E) the acquisition of a controlling interest in
15 the stock or substantially all of the assets of a
16 publicly traded company;

17 (F) a transfer by a parent company to a wholly
18 owned subsidiary; or

19 (G) the transfer or sale to or by one person to
20 another person where both persons were initial owners
21 of the registration when the registration was issued;
22 or

23 (2) the cannabis cultivation center registration,
24 medical cannabis dispensary registration, or the
25 controlling interest in a registrant's property is
26 transferred in a transaction to lineal descendants in which

1 no gain or loss is recognized or as a result of a
2 transaction in accordance with Section 351 of the Internal
3 Revenue Code in which no gain or loss is recognized.

4 (Source: P.A. 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905,
5 eff. 8-7-12; 98-109, eff. 7-25-13; 98-122, eff. 1-1-14; 98-756,
6 eff. 7-16-14.)

7 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

8 Sec. 901. Collection authority.

9 (a) In general.

10 The Department shall collect the taxes imposed by this Act.
11 The Department shall collect certified past due child support
12 amounts under Section 2505-650 of the Department of Revenue Law
13 (20 ILCS 2505/2505-650). Except as provided in subsections (c),
14 (e), (f), (g), ~~and~~ (h), (i), (j), and (k) of this Section,
15 money collected pursuant to subsections (a) and (b) of Section
16 201 of this Act shall be paid into the General Revenue Fund in
17 the State treasury; money collected pursuant to subsections (c)
18 and (d) of Section 201 of this Act shall be paid into the
19 Personal Property Tax Replacement Fund, a special fund in the
20 State Treasury; and money collected under Section 2505-650 of
21 the Department of Revenue Law (20 ILCS 2505/2505-650) shall be
22 paid into the Child Support Enforcement Trust Fund, a special
23 fund outside the State Treasury, or to the State Disbursement
24 Unit established under Section 10-26 of the Illinois Public Aid
25 Code, as directed by the Department of Healthcare and Family

1 Services.

2 (b) Local Government Distributive Fund.

3 Beginning August 1, 1969, and continuing through June 30,
4 1994, the Treasurer shall transfer each month from the General
5 Revenue Fund to a special fund in the State treasury, to be
6 known as the "Local Government Distributive Fund", an amount
7 equal to 1/12 of the net revenue realized from the tax imposed
8 by subsections (a) and (b) of Section 201 of this Act during
9 the preceding month. Beginning July 1, 1994, and continuing
10 through June 30, 1995, the Treasurer shall transfer each month
11 from the General Revenue Fund to the Local Government
12 Distributive Fund an amount equal to 1/11 of the net revenue
13 realized from the tax imposed by subsections (a) and (b) of
14 Section 201 of this Act during the preceding month. Beginning
15 July 1, 1995 and continuing through January 31, 2011, the
16 Treasurer shall transfer each month from the General Revenue
17 Fund to the Local Government Distributive Fund an amount equal
18 to the net of (i) 1/10 of the net revenue realized from the tax
19 imposed by subsections (a) and (b) of Section 201 of the
20 Illinois Income Tax Act during the preceding month (ii) minus,
21 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
22 and beginning July 1, 2004, zero. Beginning February 1, 2011,
23 and continuing through January 31, 2015, the Treasurer shall
24 transfer each month from the General Revenue Fund to the Local
25 Government Distributive Fund an amount equal to the sum of (i)
26 6% (10% of the ratio of the 3% individual income tax rate prior

1 to 2011 to the 5% individual income tax rate after 2010) of the
2 net revenue realized from the tax imposed by subsections (a)
3 and (b) of Section 201 of this Act upon individuals, trusts,
4 and estates during the preceding month and (ii) 6.86% (10% of
5 the ratio of the 4.8% corporate income tax rate prior to 2011
6 to the 7% corporate income tax rate after 2010) of the net
7 revenue realized from the tax imposed by subsections (a) and
8 (b) of Section 201 of this Act upon corporations during the
9 preceding month. Beginning February 1, 2015 and continuing
10 through January 31, 2018 ~~January 31, 2025~~, the Treasurer shall
11 transfer each month from the General Revenue Fund to the Local
12 Government Distributive Fund an amount equal to the sum of (i)
13 8% (10% of the ratio of the 3% individual income tax rate prior
14 to 2011 to the 3.75% individual income tax rate after 2014) of
15 the net revenue realized from the tax imposed by subsections
16 (a) and (b) of Section 201 of this Act upon individuals,
17 trusts, and estates during the preceding month and (ii) 9.14%
18 (10% of the ratio of the 4.8% corporate income tax rate prior
19 to 2011 to the 5.25% corporate income tax rate after 2014) of
20 the net revenue realized from the tax imposed by subsections
21 (a) and (b) of Section 201 of this Act upon corporations during
22 the preceding month. Beginning February 1, 2018 ~~February 1,~~
23 ~~2025~~, the Treasurer shall transfer each month from the General
24 Revenue Fund to the Local Government Distributive Fund an
25 amount equal to the sum of (i) 7.5% of the net revenue realized
26 during the preceding month from the tax imposed upon

1 individuals, trusts, and estates at the rate of 4% by
2 subsections (a) and (b) of Section 201 of this Act, (ii) 5.1%
3 of the net revenue realized during the preceding month from the
4 tax imposed upon individuals, trusts, and estates at the rate
5 of 5.84% by subsections (a) and (b) of Section 201 of this Act,
6 (iii) 4.8% of the net revenue realized during the preceding
7 month from the tax imposed upon individuals, trusts, and
8 estates at the rate of 6.27% by subsections (a) and (b) of
9 Section 201 of this Act, (iv) 3.9% of the net revenue realized
10 during the preceding month from the tax imposed upon
11 individuals, trusts, and estates at the rate of 7.65% by
12 subsections (a) and (b) of Section 201 of this Act, and (v)
13 ~~9.23% (10% of the ratio of the 3% individual income tax rate~~
14 ~~prior to 2011 to the 3.25% individual income tax rate after~~
15 ~~2024) of the net revenue realized from the tax imposed by~~
16 ~~subsections (a) and (b) of Section 201 of this Act upon~~
17 ~~individuals, trusts, and estates during the preceding month and~~
18 ~~(ii) 10% of the net revenue realized from the tax imposed by~~
19 subsections (a) and (b) of Section 201 of this Act upon
20 corporations during the preceding month. Net revenue realized
21 for a month shall be defined as the revenue from the tax
22 imposed by subsections (a) and (b) of Section 201 of this Act
23 which is deposited in the General Revenue Fund, the Education
24 Assistance Fund, the Income Tax Surcharge Local Government
25 Distributive Fund, the Fund for the Advancement of Education,
26 and the Commitment to Human Services Fund during the month

1 minus the amount paid out of the General Revenue Fund in State
2 warrants during that same month as refunds to taxpayers for
3 overpayment of liability under the tax imposed by subsections
4 (a) and (b) of Section 201 of this Act.

5 Beginning on August 26, 2014 (the effective date of Public
6 Act 98-1052), the Comptroller shall perform the transfers
7 required by this subsection (b) no later than 60 days after he
8 or she receives the certification from the Treasurer as
9 provided in Section 1 of the State Revenue Sharing Act.

10 (c) Deposits Into Income Tax Refund Fund.

11 (1) Beginning on January 1, 1989 and thereafter, the
12 Department shall deposit a percentage of the amounts
13 collected pursuant to subsections (a) and (b)(1), (2), and
14 (3), of Section 201 of this Act into a fund in the State
15 treasury known as the Income Tax Refund Fund. The
16 Department shall deposit 6% of such amounts during the
17 period beginning January 1, 1989 and ending on June 30,
18 1989. Beginning with State fiscal year 1990 and for each
19 fiscal year thereafter, the percentage deposited into the
20 Income Tax Refund Fund during a fiscal year shall be the
21 Annual Percentage. For fiscal years 1999 through 2001, the
22 Annual Percentage shall be 7.1%. For fiscal year 2003, the
23 Annual Percentage shall be 8%. For fiscal year 2004, the
24 Annual Percentage shall be 11.7%. Upon the effective date
25 of this amendatory Act of the 93rd General Assembly, the
26 Annual Percentage shall be 10% for fiscal year 2005. For

1 fiscal year 2006, the Annual Percentage shall be 9.75%. For
2 fiscal year 2007, the Annual Percentage shall be 9.75%. For
3 fiscal year 2008, the Annual Percentage shall be 7.75%. For
4 fiscal year 2009, the Annual Percentage shall be 9.75%. For
5 fiscal year 2010, the Annual Percentage shall be 9.75%. For
6 fiscal year 2011, the Annual Percentage shall be 8.75%. For
7 fiscal year 2012, the Annual Percentage shall be 8.75%. For
8 fiscal year 2013, the Annual Percentage shall be 9.75%. For
9 fiscal year 2014, the Annual Percentage shall be 9.5%. For
10 fiscal year 2015, the Annual Percentage shall be 10%. For
11 all other fiscal years, the Annual Percentage shall be
12 calculated as a fraction, the numerator of which shall be
13 the amount of refunds approved for payment by the
14 Department during the preceding fiscal year as a result of
15 overpayment of tax liability under subsections (a) and
16 (b) (1), (2), and (3) of Section 201 of this Act plus the
17 amount of such refunds remaining approved but unpaid at the
18 end of the preceding fiscal year, minus the amounts
19 transferred into the Income Tax Refund Fund from the
20 Tobacco Settlement Recovery Fund, and the denominator of
21 which shall be the amounts which will be collected pursuant
22 to subsections (a) and (b) (1), (2), and (3) of Section 201
23 of this Act during the preceding fiscal year; except that
24 in State fiscal year 2002, the Annual Percentage shall in
25 no event exceed 7.6%. The Director of Revenue shall certify
26 the Annual Percentage to the Comptroller on the last

1 business day of the fiscal year immediately preceding the
2 fiscal year for which it is to be effective.

3 (2) Beginning on January 1, 1989 and thereafter, the
4 Department shall deposit a percentage of the amounts
5 collected pursuant to subsections (a) and (b) (6), (7), and
6 (8), (c) and (d) of Section 201 of this Act into a fund in
7 the State treasury known as the Income Tax Refund Fund. The
8 Department shall deposit 18% of such amounts during the
9 period beginning January 1, 1989 and ending on June 30,
10 1989. Beginning with State fiscal year 1990 and for each
11 fiscal year thereafter, the percentage deposited into the
12 Income Tax Refund Fund during a fiscal year shall be the
13 Annual Percentage. For fiscal years 1999, 2000, and 2001,
14 the Annual Percentage shall be 19%. For fiscal year 2003,
15 the Annual Percentage shall be 27%. For fiscal year 2004,
16 the Annual Percentage shall be 32%. Upon the effective date
17 of this amendatory Act of the 93rd General Assembly, the
18 Annual Percentage shall be 24% for fiscal year 2005. For
19 fiscal year 2006, the Annual Percentage shall be 20%. For
20 fiscal year 2007, the Annual Percentage shall be 17.5%. For
21 fiscal year 2008, the Annual Percentage shall be 15.5%. For
22 fiscal year 2009, the Annual Percentage shall be 17.5%. For
23 fiscal year 2010, the Annual Percentage shall be 17.5%. For
24 fiscal year 2011, the Annual Percentage shall be 17.5%. For
25 fiscal year 2012, the Annual Percentage shall be 17.5%. For
26 fiscal year 2013, the Annual Percentage shall be 14%. For

1 fiscal year 2014, the Annual Percentage shall be 13.4%. For
2 fiscal year 2015, the Annual Percentage shall be 14%. For
3 all other fiscal years, the Annual Percentage shall be
4 calculated as a fraction, the numerator of which shall be
5 the amount of refunds approved for payment by the
6 Department during the preceding fiscal year as a result of
7 overpayment of tax liability under subsections (a) and
8 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
9 Act plus the amount of such refunds remaining approved but
10 unpaid at the end of the preceding fiscal year, and the
11 denominator of which shall be the amounts which will be
12 collected pursuant to subsections (a) and (b) (6), (7), and
13 (8), (c) and (d) of Section 201 of this Act during the
14 preceding fiscal year; except that in State fiscal year
15 2002, the Annual Percentage shall in no event exceed 23%.
16 The Director of Revenue shall certify the Annual Percentage
17 to the Comptroller on the last business day of the fiscal
18 year immediately preceding the fiscal year for which it is
19 to be effective.

20 (3) The Comptroller shall order transferred and the
21 Treasurer shall transfer from the Tobacco Settlement
22 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
23 in January, 2001, (ii) \$35,000,000 in January, 2002, and
24 (iii) \$35,000,000 in January, 2003.

25 (d) Expenditures from Income Tax Refund Fund.

26 (1) Beginning January 1, 1989, money in the Income Tax

1 Refund Fund shall be expended exclusively for the purpose
2 of paying refunds resulting from overpayment of tax
3 liability under Section 201 of this Act, for paying rebates
4 under Section 208.1 in the event that the amounts in the
5 Homeowners' Tax Relief Fund are insufficient for that
6 purpose, and for making transfers pursuant to this
7 subsection (d).

8 (2) The Director shall order payment of refunds
9 resulting from overpayment of tax liability under Section
10 201 of this Act from the Income Tax Refund Fund only to the
11 extent that amounts collected pursuant to Section 201 of
12 this Act and transfers pursuant to this subsection (d) and
13 item (3) of subsection (c) have been deposited and retained
14 in the Fund.

15 (3) As soon as possible after the end of each fiscal
16 year, the Director shall order transferred and the State
17 Treasurer and State Comptroller shall transfer from the
18 Income Tax Refund Fund to the Personal Property Tax
19 Replacement Fund an amount, certified by the Director to
20 the Comptroller, equal to the excess of the amount
21 collected pursuant to subsections (c) and (d) of Section
22 201 of this Act deposited into the Income Tax Refund Fund
23 during the fiscal year over the amount of refunds resulting
24 from overpayment of tax liability under subsections (c) and
25 (d) of Section 201 of this Act paid from the Income Tax
26 Refund Fund during the fiscal year.

1 (4) As soon as possible after the end of each fiscal
2 year, the Director shall order transferred and the State
3 Treasurer and State Comptroller shall transfer from the
4 Personal Property Tax Replacement Fund to the Income Tax
5 Refund Fund an amount, certified by the Director to the
6 Comptroller, equal to the excess of the amount of refunds
7 resulting from overpayment of tax liability under
8 subsections (c) and (d) of Section 201 of this Act paid
9 from the Income Tax Refund Fund during the fiscal year over
10 the amount collected pursuant to subsections (c) and (d) of
11 Section 201 of this Act deposited into the Income Tax
12 Refund Fund during the fiscal year.

13 (4.5) As soon as possible after the end of fiscal year
14 1999 and of each fiscal year thereafter, the Director shall
15 order transferred and the State Treasurer and State
16 Comptroller shall transfer from the Income Tax Refund Fund
17 to the General Revenue Fund any surplus remaining in the
18 Income Tax Refund Fund as of the end of such fiscal year;
19 excluding for fiscal years 2000, 2001, and 2002 amounts
20 attributable to transfers under item (3) of subsection (c)
21 less refunds resulting from the earned income tax credit.

22 (5) This Act shall constitute an irrevocable and
23 continuing appropriation from the Income Tax Refund Fund
24 for the purpose of paying refunds upon the order of the
25 Director in accordance with the provisions of this Section.

26 (e) Deposits into the Education Assistance Fund and the

1 Income Tax Surcharge Local Government Distributive Fund.

2 On July 1, 1991, and thereafter, of the amounts collected
3 pursuant to subsections (a) and (b) of Section 201 of this Act,
4 minus deposits into the Income Tax Refund Fund, the Department
5 shall deposit 7.3% into the Education Assistance Fund in the
6 State Treasury. Beginning July 1, 1991, and continuing through
7 January 31, 1993, of the amounts collected pursuant to
8 subsections (a) and (b) of Section 201 of the Illinois Income
9 Tax Act, minus deposits into the Income Tax Refund Fund, the
10 Department shall deposit 3.0% into the Income Tax Surcharge
11 Local Government Distributive Fund in the State Treasury.
12 Beginning February 1, 1993 and continuing through June 30,
13 1993, of the amounts collected pursuant to subsections (a) and
14 (b) of Section 201 of the Illinois Income Tax Act, minus
15 deposits into the Income Tax Refund Fund, the Department shall
16 deposit 4.4% into the Income Tax Surcharge Local Government
17 Distributive Fund in the State Treasury. Beginning July 1,
18 1993, and continuing through June 30, 1994, of the amounts
19 collected under subsections (a) and (b) of Section 201 of this
20 Act, minus deposits into the Income Tax Refund Fund, the
21 Department shall deposit 1.475% into the Income Tax Surcharge
22 Local Government Distributive Fund in the State Treasury.

23 (f) Deposits into the Fund for the Advancement of
24 Education. Beginning February 1, 2015, the Department shall
25 deposit the following portions of the revenue realized from the
26 tax imposed upon individuals, trusts, and estates by

1 subsections (a) and (b) of Section 201 of this Act during the
2 preceding month, minus deposits into the Income Tax Refund
3 Fund, into the Fund for the Advancement of Education:

4 (1) beginning February 1, 2015, and prior to February
5 1, 2025, 1/30; and

6 (2) beginning February 1, 2025, 1/26.

7 If the rate of tax imposed by subsection (a) and (b) of
8 Section 201 is reduced pursuant to Section 201.5 of this Act,
9 the Department shall not make the deposits required by this
10 subsection (f) on or after the effective date of the reduction.

11 (g) Deposits into the Commitment to Human Services Fund.
12 Beginning February 1, 2015, the Department shall deposit the
13 following portions of the revenue realized from the tax imposed
14 upon individuals, trusts, and estates by subsections (a) and
15 (b) of Section 201 of this Act during the preceding month,
16 minus deposits into the Income Tax Refund Fund, into the
17 Commitment to Human Services Fund:

18 (1) beginning February 1, 2015, and prior to February
19 1, 2018 ~~2025~~, 1/30; ~~and~~

20 (1.5) beginning February 1, 2018, and prior to February
21 1, 2025, 3/40; and

22 (2) beginning February 1, 2025, 1/12 ~~1/26~~.

23 If the rate of tax imposed by subsection (a) and (b) of
24 Section 201 is reduced pursuant to Section 201.5 of this Act,
25 the Department shall not make the deposits required by this
26 subsection (g) on or after the effective date of the reduction.

1 (h) Deposits into the Tax Compliance and Administration
2 Fund. Beginning on the first day of the first calendar month to
3 occur on or after August 26, 2014 (the effective date of Public
4 Act 98-1098), each month the Department shall pay into the Tax
5 Compliance and Administration Fund, to be used, subject to
6 appropriation, to fund additional auditors and compliance
7 personnel at the Department, an amount equal to 1/12 of 5% of
8 the cash receipts collected during the preceding fiscal year by
9 the Audit Bureau of the Department from the tax imposed by
10 subsections (a), (b), (c), and (d) of Section 201 of this Act,
11 net of deposits into the Income Tax Refund Fund made from those
12 cash receipts.

13 (i) Deposits into the Common School Fund. In addition to
14 the other provisions in law, beginning February 1, 2018 and
15 ending January 31, 2019, the Department shall deposit 6.12% of
16 the revenue realized from the tax imposed upon individuals,
17 trusts, and estates by subsections (a) and (b) of Section 201
18 of this Act during the preceding month, minus deposits into the
19 Income Tax Refund Fund, into the Common School Fund. In
20 addition to the other provisions in law, beginning February 1,
21 2019, the Department shall deposit 15.52% of the revenue
22 realized from the tax imposed upon individuals, trusts, and
23 estates by subsections (a) and (b) of Section 201 of this Act
24 during the preceding month, minus deposits into the Income Tax
25 Refund Fund, into the Common School Fund.

26 (j) Deposits into the Pension Stabilization Fund. In

1 addition to the other provisions in law, beginning February 1,
2 2018, the Department shall deposit 4.4% of the revenue realized
3 from the tax imposed upon individuals, trusts, and estates by
4 subsections (a) and (b) of Section 201 of this Act during the
5 preceding month, minus deposits into the Income Tax Refund
6 Fund, into the Pension Stabilization Fund.

7 (k) Deposits into the Education Property Tax Relief Fund.
8 In addition to the other provisions in law, beginning February
9 1, 2018 and ending January 31, 2019, the Department shall
10 deposit 9.4% of the revenue realized from the tax imposed upon
11 individuals, trusts, and estates by subsections (a) and (b) of
12 Section 201 of this Act during the preceding month, minus
13 deposits into the Income Tax Refund Fund, into the Education
14 Property Tax Relief Fund.

15 (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14;
16 98-1052, eff. 8-26-14; 98-1098, eff. 8-26-14; 99-78, eff.
17 7-20-15.)

18 Section 20. The Use Tax Act is amended by changing Sections
19 3-6, 3-10, 3-55, 3-85, and 9 as follows:

20 (35 ILCS 105/3-6)

21 Sec. 3-6. Sales tax holiday items.

22 (a) The tangible personal property described in this
23 subsection qualifies for the 1.25% reduced rate of tax for the
24 period set forth in Section 3-10 of this Act (hereinafter

1 referred to as the Sales Tax Holiday Period). The reduced rate
2 on these items shall be administered under the provisions of
3 subsection (b) of this Section. The following items are subject
4 to the reduced rate:

5 (1) Clothing items that each have a retail selling
6 price of less than \$100.

7 "Clothing" means, unless otherwise specified in this
8 Section, all human wearing apparel suitable for general
9 use. "Clothing" does not include clothing accessories,
10 protective equipment, or sport or recreational equipment.
11 "Clothing" includes, but is not limited to: household and
12 shop aprons; athletic supporters; bathing suits and caps;
13 belts and suspenders; boots; coats and jackets; ear muffs;
14 footlets; gloves and mittens for general use; hats and
15 caps; hosiery; insoles for shoes; lab coats; neckties;
16 overshoes; pantyhose; rainwear; rubber pants; sandals;
17 scarves; shoes and shoelaces; slippers; sneakers; socks
18 and stockings; steel-toed shoes; underwear; and school
19 uniforms.

20 "Clothing accessories" means, but is not limited to:
21 briefcases; cosmetics; hair notions, including, but not
22 limited to barrettes, hair bows, and hair nets; handbags;
23 handkerchiefs; jewelry; non-prescription sunglasses;
24 umbrellas; wallets; watches; and wigs and hair pieces.

25 "Protective equipment" means, but is not limited to:
26 breathing masks; clean room apparel and equipment; ear and

1 hearing protectors; face shields; hard hats; helmets;
2 paint or dust respirators; protective gloves; safety
3 glasses and goggles; safety belts; tool belts; and welder's
4 gloves and masks.

5 "Sport or recreational equipment" means, but is not
6 limited to: ballet and tap shoes; cleated or spiked
7 athletic shoes; gloves, including, but not limited to,
8 baseball, bowling, boxing, hockey, and golf gloves;
9 goggles; hand and elbow guards; life preservers and vests;
10 mouth guards; roller and ice skates; shin guards; shoulder
11 pads; ski boots; waders; and wetsuits and fins.

12 (2) School supplies. "School supplies" means, unless
13 otherwise specified in this Section, items used by a
14 student in a course of study. The purchase of school
15 supplies for use by persons other than students for use in
16 a course of study are not eligible for the reduced rate of
17 tax. "School supplies" do not include school art supplies;
18 school instructional materials; cameras; film and memory
19 cards; videocameras, tapes, and videotapes; computers;
20 cell phones; Personal Digital Assistants (PDAs); handheld
21 electronic schedulers; and school computer supplies.

22 "School supplies" includes, but is not limited to:
23 binders; book bags; calculators; cellophane tape;
24 blackboard chalk; compasses; composition books; crayons;
25 erasers; expandable, pocket, plastic, and manila folders;
26 glue, paste, and paste sticks; highlighters; index cards;

1 index card boxes; legal pads; lunch boxes; markers;
2 notebooks; paper, including loose leaf ruled notebook
3 paper, copy paper, graph paper, tracing paper, manila
4 paper, colored paper, poster board, and construction
5 paper; pencils; pencil leads; pens; ink and ink refills for
6 pens; pencil boxes and other school supply boxes; pencil
7 sharpeners; protractors; rulers; scissors; and writing
8 tablets.

9 "School art supply" means an item commonly used by a
10 student in a course of study for artwork and includes only
11 the following items: clay and glazes; acrylic, tempera, and
12 oil paint; paintbrushes for artwork; sketch and drawing
13 pads; and watercolors.

14 "School instructional material" means written material
15 commonly used by a student in a course of study as a
16 reference and to learn the subject being taught and
17 includes only the following items: reference books;
18 reference maps and globes; textbooks; and workbooks.

19 "School computer supply" means an item commonly used by
20 a student in a course of study in which a computer is used
21 and applies only to the following items: flashdrives and
22 other computer data storage devices; data storage media,
23 such as diskettes and compact disks; boxes and cases for
24 disk storage; external ports or drives; computer cases;
25 computer cables; computer printers; and printer
26 cartridges, toner, and ink.

1 (b) Administration. Notwithstanding any other provision of
2 this Act, the reduced rate of tax under Section 3-10 of this
3 Act for clothing and school supplies shall be administered by
4 the Department under the provisions of this subsection (b).

5 (1) Bundled sales. Items that qualify for the reduced
6 rate of tax that are bundled together with items that do
7 not qualify for the reduced rate of tax and that are sold
8 for one itemized price will be subject to the reduced rate
9 of tax only if the value of the items that qualify for the
10 reduced rate of tax exceeds the value of the items that do
11 not qualify for the reduced rate of tax.

12 (2) Coupons and discounts. An unreimbursed discount by
13 the seller reduces the sales price of the property so that
14 the discounted sales price determines whether the sales
15 price is within a sales tax holiday price threshold. A
16 coupon or other reduction in the sales price is treated as
17 a discount if the seller is not reimbursed for the coupon
18 or reduction amount by a third party.

19 (3) Splitting of items normally sold together.
20 Articles that are normally sold as a single unit must
21 continue to be sold in that manner. Such articles cannot be
22 priced separately and sold as individual items in order to
23 obtain the reduced rate of tax. For example, a pair of
24 shoes cannot have each shoe sold separately so that the
25 sales price of each shoe is within a sales tax holiday
26 price threshold.

1 (4) Rain checks. A rain check is a procedure that
2 allows a customer to purchase an item at a certain price at
3 a later time because the particular item was out of stock.
4 Eligible property that customers purchase during the Sales
5 Tax Holiday Period with the use of a rain check will
6 qualify for the reduced rate of tax regardless of when the
7 rain check was issued. Issuance of a rain check during the
8 Sales Tax Holiday Period will not qualify eligible property
9 for the reduced rate of tax if the property is actually
10 purchased after the Sales Tax Holiday Period.

11 (5) Exchanges. The procedure for an exchange in regards
12 to a sales tax holiday is as follows:

13 (A) If a customer purchases an item of eligible
14 property during the Sales Tax Holiday Period, but later
15 exchanges the item for a similar eligible item, even if
16 a different size, different color, or other feature, no
17 additional tax is due even if the exchange is made
18 after the Sales Tax Holiday Period.

19 (B) If a customer purchases an item of eligible
20 property during the Sales Tax Holiday Period, but after
21 the Sales Tax Holiday Period has ended, the customer
22 returns the item and receives credit on the purchase of
23 a different item, the ~~6.25%~~ general merchandise sales
24 tax rate is due on the sale of the newly purchased
25 item.

26 (C) If a customer purchases an item of eligible

1 property before the Sales Tax Holiday Period, but
2 during the Sales Tax Holiday Period the customer
3 returns the item and receives credit on the purchase of
4 a different item of eligible property, the reduced rate
5 of tax is due on the sale of the new item if the new
6 item is purchased during the Sales Tax Holiday Period.

7 (6) Delivery charges. Delivery charges, including
8 shipping, handling and service charges, are part of the
9 sales price of eligible property.

10 (7) Order date and back orders. For the purpose of a
11 sales tax holiday, eligible property qualifies for the
12 reduced rate of tax if: (i) the item is both delivered to
13 and paid for by the customer during the Sales Tax Holiday
14 Period or (ii) the customer orders and pays for the item
15 and the seller accepts the order during the Sales Tax
16 Holiday Period for immediate shipment, even if delivery is
17 made after the Sales Tax Holiday Period. The seller accepts
18 an order when the seller has taken action to fill the order
19 for immediate shipment. Actions to fill an order include
20 placement of an "in date" stamp on an order or assignment
21 of an "order number" to an order within the Sales Tax
22 Holiday Period. An order is for immediate shipment when the
23 customer does not request delayed shipment. An order is for
24 immediate shipment notwithstanding that the shipment may
25 be delayed because of a backlog of orders or because stock
26 is currently unavailable to, or on back order by, the

1 seller.

2 (8) Returns. For a 60-day period immediately after the
3 Sales Tax Holiday Period, if a customer returns an item
4 that would qualify for the reduced rate of tax, credit for
5 or refund of sales tax shall be given only at the reduced
6 rate unless the customer provides a receipt or invoice that
7 shows tax was paid at the ~~6.25%~~ general ~~merchandise~~ rate,
8 or the seller has sufficient documentation to show that tax
9 was paid at the ~~6.25%~~ general ~~merchandise~~ rate on the
10 specific item. This 60-day period is set solely for the
11 purpose of designating a time period during which the
12 customer must provide documentation that shows that the
13 appropriate sales tax rate was paid on returned
14 merchandise. The 60-day period is not intended to change a
15 seller's policy on the time period during which the seller
16 will accept returns.

17 (c) The Department may implement the provisions of this
18 Section through the use of emergency rules, along with
19 permanent rules filed concurrently with such emergency rules,
20 in accordance with the provisions of Section 5-45 of the
21 Illinois Administrative Procedure Act. For purposes of the
22 Illinois Administrative Procedure Act, the adoption of rules to
23 implement the provisions of this Section shall be deemed an
24 emergency and necessary for the public interest, safety, and
25 welfare.

26 (Source: P.A. 96-1012, eff. 7-7-10.)

1 (35 ILCS 105/3-10)

2 Sec. 3-10. Rate of tax. Unless otherwise provided in this
3 Section, until January 1, 2018, the tax imposed by this Act is
4 at the rate of 6.25% of either the selling price or the fair
5 market value, if any, of the tangible personal property. Unless
6 otherwise provided in this Section, beginning on January 1,
7 2018, the tax imposed by this Act is at the rate of 5.75% of
8 either the selling price or the fair market value, if any, of
9 the tangible personal property. References to the "general
10 rate" mean (i) the 6.25% rate until January 1, 2018 and (ii)
11 the 5.75% rate on and after January 1, 2018. In all cases where
12 property functionally used or consumed is the same as the
13 property that was purchased at retail, then the tax is imposed
14 on the selling price of the property. In all cases where
15 property functionally used or consumed is a by-product or waste
16 product that has been refined, manufactured, or produced from
17 property purchased at retail, then the tax is imposed on the
18 lower of the fair market value, if any, of the specific
19 property so used in this State or on the selling price of the
20 property purchased at retail. For purposes of this Section
21 "fair market value" means the price at which property would
22 change hands between a willing buyer and a willing seller,
23 neither being under any compulsion to buy or sell and both
24 having reasonable knowledge of the relevant facts. The fair
25 market value shall be established by Illinois sales by the

1 taxpayer of the same property as that functionally used or
2 consumed, or if there are no such sales by the taxpayer, then
3 comparable sales or purchases of property of like kind and
4 character in Illinois.

5 Beginning on July 1, 2000 and through December 31, 2000,
6 with respect to motor fuel, as defined in Section 1.1 of the
7 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
8 the Use Tax Act, the tax is imposed at the rate of 1.25%.

9 Beginning on August 6, 2010 through August 15, 2010, with
10 respect to sales tax holiday items as defined in Section 3-6 of
11 this Act, the tax is imposed at the rate of 1.25%.

12 With respect to gasohol, the tax imposed by this Act
13 applies to (i) 70% of the proceeds of sales made on or after
14 January 1, 1990, and before July 1, 2003, (ii) 80% of the
15 proceeds of sales made on or after July 1, 2003 and on or
16 before December 31, 2018, and (iii) 100% of the proceeds of
17 sales made thereafter. If, at any time, however, the tax under
18 this Act on sales of gasohol is imposed at the rate of 1.25%,
19 then the tax imposed by this Act applies to 100% of the
20 proceeds of sales of gasohol made during that time.

21 With respect to majority blended ethanol fuel, the tax
22 imposed by this Act does not apply to the proceeds of sales
23 made on or after July 1, 2003 and on or before December 31,
24 2018 but applies to 100% of the proceeds of sales made
25 thereafter.

26 With respect to biodiesel blends with no less than 1% and

1 no more than 10% biodiesel, the tax imposed by this Act applies
2 to (i) 80% of the proceeds of sales made on or after July 1,
3 2003 and on or before December 31, 2018 and (ii) 100% of the
4 proceeds of sales made thereafter. If, at any time, however,
5 the tax under this Act on sales of biodiesel blends with no
6 less than 1% and no more than 10% biodiesel is imposed at the
7 rate of 1.25%, then the tax imposed by this Act applies to 100%
8 of the proceeds of sales of biodiesel blends with no less than
9 1% and no more than 10% biodiesel made during that time.

10 With respect to 100% biodiesel and biodiesel blends with
11 more than 10% but no more than 99% biodiesel, the tax imposed
12 by this Act does not apply to the proceeds of sales made on or
13 after July 1, 2003 and on or before December 31, 2018 but
14 applies to 100% of the proceeds of sales made thereafter.

15 With respect to food for human consumption that is to be
16 consumed off the premises where it is sold (other than
17 alcoholic beverages, soft drinks, and food that has been
18 prepared for immediate consumption) and prescription and
19 nonprescription medicines, drugs, medical appliances, products
20 classified as Class III medical devices by the United States
21 Food and Drug Administration that are used for cancer treatment
22 pursuant to a prescription, as well as any accessories and
23 components related to those devices, modifications to a motor
24 vehicle for the purpose of rendering it usable by a person with
25 a disability, and insulin, urine testing materials, syringes,
26 and needles used by diabetics, for human use, the tax is

1 imposed at the rate of 1%. For the purposes of this Section,
2 until September 1, 2009: the term "soft drinks" means any
3 complete, finished, ready-to-use, non-alcoholic drink, whether
4 carbonated or not, including but not limited to soda water,
5 cola, fruit juice, vegetable juice, carbonated water, and all
6 other preparations commonly known as soft drinks of whatever
7 kind or description that are contained in any closed or sealed
8 bottle, can, carton, or container, regardless of size; but
9 "soft drinks" does not include coffee, tea, non-carbonated
10 water, infant formula, milk or milk products as defined in the
11 Grade A Pasteurized Milk and Milk Products Act, or drinks
12 containing 50% or more natural fruit or vegetable juice.

13 Notwithstanding any other provisions of this Act,
14 beginning September 1, 2009, "soft drinks" means non-alcoholic
15 beverages that contain natural or artificial sweeteners. "Soft
16 drinks" do not include beverages that contain milk or milk
17 products, soy, rice or similar milk substitutes, or greater
18 than 50% of vegetable or fruit juice by volume.

19 Until August 1, 2009, and notwithstanding any other
20 provisions of this Act, "food for human consumption that is to
21 be consumed off the premises where it is sold" includes all
22 food sold through a vending machine, except soft drinks and
23 food products that are dispensed hot from a vending machine,
24 regardless of the location of the vending machine. Beginning
25 August 1, 2009, and notwithstanding any other provisions of
26 this Act, "food for human consumption that is to be consumed

1 off the premises where it is sold" includes all food sold
2 through a vending machine, except soft drinks, candy, and food
3 products that are dispensed hot from a vending machine,
4 regardless of the location of the vending machine.

5 Notwithstanding any other provisions of this Act,
6 beginning September 1, 2009, "food for human consumption that
7 is to be consumed off the premises where it is sold" does not
8 include candy. For purposes of this Section, "candy" means a
9 preparation of sugar, honey, or other natural or artificial
10 sweeteners in combination with chocolate, fruits, nuts or other
11 ingredients or flavorings in the form of bars, drops, or
12 pieces. "Candy" does not include any preparation that contains
13 flour or requires refrigeration.

14 Notwithstanding any other provisions of this Act,
15 beginning September 1, 2009, "nonprescription medicines and
16 drugs" does not include grooming and hygiene products. For
17 purposes of this Section, "grooming and hygiene products"
18 includes, but is not limited to, soaps and cleaning solutions,
19 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
20 lotions and screens, unless those products are available by
21 prescription only, regardless of whether the products meet the
22 definition of "over-the-counter-drugs". For the purposes of
23 this paragraph, "over-the-counter-drug" means a drug for human
24 use that contains a label that identifies the product as a drug
25 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
26 label includes:

1 (A) A "Drug Facts" panel; or

2 (B) A statement of the "active ingredient(s)" with a
3 list of those ingredients contained in the compound,
4 substance or preparation.

5 Beginning on the effective date of this amendatory Act of
6 the 98th General Assembly, "prescription and nonprescription
7 medicines and drugs" includes medical cannabis purchased from a
8 registered dispensing organization under the Compassionate Use
9 of Medical Cannabis Pilot Program Act.

10 If the property that is purchased at retail from a retailer
11 is acquired outside Illinois and used outside Illinois before
12 being brought to Illinois for use here and is taxable under
13 this Act, the "selling price" on which the tax is computed
14 shall be reduced by an amount that represents a reasonable
15 allowance for depreciation for the period of prior out-of-state
16 use.

17 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;
18 99-858, eff. 8-19-16.)

19 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

20 Sec. 3-55. Multistate exemption. To prevent actual or
21 likely multistate taxation, the tax imposed by this Act does
22 not apply to the use of tangible personal property in this
23 State under the following circumstances:

24 (a) The use, in this State, of tangible personal property
25 acquired outside this State by a nonresident individual and

1 brought into this State by the individual for his or her own
2 use while temporarily within this State or while passing
3 through this State.

4 (b) The use, in this State, of tangible personal property
5 by an interstate carrier for hire as rolling stock moving in
6 interstate commerce or by lessors under a lease of one year or
7 longer executed or in effect at the time of purchase of
8 tangible personal property by interstate carriers for-hire for
9 use as rolling stock moving in interstate commerce as long as
10 so used by the interstate carriers for-hire, and equipment
11 operated by a telecommunications provider, licensed as a common
12 carrier by the Federal Communications Commission, which is
13 permanently installed in or affixed to aircraft moving in
14 interstate commerce.

15 (c) The use, in this State, by owners, lessors, or shippers
16 of tangible personal property that is utilized by interstate
17 carriers for hire for use as rolling stock moving in interstate
18 commerce as long as so used by the interstate carriers for
19 hire, and equipment operated by a telecommunications provider,
20 licensed as a common carrier by the Federal Communications
21 Commission, which is permanently installed in or affixed to
22 aircraft moving in interstate commerce.

23 (d) The use, in this State, of tangible personal property
24 that is acquired outside this State and caused to be brought
25 into this State by a person who has already paid a tax in
26 another State in respect to the sale, purchase, or use of that

1 property, to the extent of the amount of the tax properly due
2 and paid in the other State.

3 (e) The temporary storage, in this State, of tangible
4 personal property that is acquired outside this State and that,
5 after being brought into this State and stored here
6 temporarily, is used solely outside this State or is physically
7 attached to or incorporated into other tangible personal
8 property that is used solely outside this State, or is altered
9 by converting, fabricating, manufacturing, printing,
10 processing, or shaping, and, as altered, is used solely outside
11 this State.

12 (f) The temporary storage in this State of building
13 materials and fixtures that are acquired either in this State
14 or outside this State by an Illinois registered combination
15 retailer and construction contractor, and that the purchaser
16 thereafter uses outside this State by incorporating that
17 property into real estate located outside this State.

18 (g) The use or purchase of tangible personal property by a
19 common carrier by rail or motor that receives the physical
20 possession of the property in Illinois, and that transports the
21 property, or shares with another common carrier in the
22 transportation of the property, out of Illinois on a standard
23 uniform bill of lading showing the seller of the property as
24 the shipper or consignor of the property to a destination
25 outside Illinois, for use outside Illinois.

26 (h) Except as provided in subsection (h-1), the use, in

1 this State, of a motor vehicle that was sold in this State to a
2 nonresident, even though the motor vehicle is delivered to the
3 nonresident in this State, if the motor vehicle is not to be
4 titled in this State, and if a drive-away permit is issued to
5 the motor vehicle as provided in Section 3-603 of the Illinois
6 Vehicle Code or if the nonresident purchaser has vehicle
7 registration plates to transfer to the motor vehicle upon
8 returning to his or her home state. The issuance of the
9 drive-away permit or having the out-of-state registration
10 plates to be transferred shall be prima facie evidence that the
11 motor vehicle will not be titled in this State.

12 (h-1) The exemption under subsection (h) does not apply if
13 the state in which the motor vehicle will be titled does not
14 allow a reciprocal exemption for the use in that state of a
15 motor vehicle sold and delivered in that state to an Illinois
16 resident but titled in Illinois. The tax collected under this
17 Act on the sale of a motor vehicle in this State to a resident
18 of another state that does not allow a reciprocal exemption
19 shall be imposed at a rate equal to the state's rate of tax on
20 taxable property in the state in which the purchaser is a
21 resident, except that the tax shall not exceed the tax that
22 would otherwise be imposed under this Act. At the time of the
23 sale, the purchaser shall execute a statement, signed under
24 penalty of perjury, of his or her intent to title the vehicle
25 in the state in which the purchaser is a resident within 30
26 days after the sale and of the fact of the payment to the State

1 of Illinois of tax in an amount equivalent to the state's rate
2 of tax on taxable property in his or her state of residence and
3 shall submit the statement to the appropriate tax collection
4 agency in his or her state of residence. In addition, the
5 retailer must retain a signed copy of the statement in his or
6 her records. Nothing in this subsection shall be construed to
7 require the removal of the vehicle from this state following
8 the filing of an intent to title the vehicle in the purchaser's
9 state of residence if the purchaser titles the vehicle in his
10 or her state of residence within 30 days after the date of
11 sale. The tax collected under this Act in accordance with this
12 subsection (h-1) shall be proportionately distributed as if the
13 tax were collected at the ~~6.25%~~ general rate imposed under this
14 Act.

15 (h-2) The following exemptions apply with respect to
16 certain aircraft:

17 (1) Beginning on July 1, 2007, no tax is imposed under
18 this Act on the purchase of an aircraft, as defined in
19 Section 3 of the Illinois Aeronautics Act, if all of the
20 following conditions are met:

21 (A) the aircraft leaves this State within 15 days
22 after the later of either the issuance of the final
23 billing for the purchase of the aircraft or the
24 authorized approval for return to service, completion
25 of the maintenance record entry, and completion of the
26 test flight and ground test for inspection, as required

1 by 14 C.F.R. 91.407;

2 (B) the aircraft is not based or registered in this
3 State after the purchase of the aircraft; and

4 (C) the purchaser provides the Department with a
5 signed and dated certification, on a form prescribed by
6 the Department, certifying that the requirements of
7 this item (1) are met. The certificate must also
8 include the name and address of the purchaser, the
9 address of the location where the aircraft is to be
10 titled or registered, the address of the primary
11 physical location of the aircraft, and other
12 information that the Department may reasonably
13 require.

14 (2) Beginning on July 1, 2007, no tax is imposed under
15 this Act on the use of an aircraft, as defined in Section 3
16 of the Illinois Aeronautics Act, that is temporarily
17 located in this State for the purpose of a prepurchase
18 evaluation if all of the following conditions are met:

19 (A) the aircraft is not based or registered in this
20 State after the prepurchase evaluation; and

21 (B) the purchaser provides the Department with a
22 signed and dated certification, on a form prescribed by
23 the Department, certifying that the requirements of
24 this item (2) are met. The certificate must also
25 include the name and address of the purchaser, the
26 address of the location where the aircraft is to be

1 titled or registered, the address of the primary
2 physical location of the aircraft, and other
3 information that the Department may reasonably
4 require.

5 (3) Beginning on July 1, 2007, no tax is imposed under
6 this Act on the use of an aircraft, as defined in Section 3
7 of the Illinois Aeronautics Act, that is temporarily
8 located in this State for the purpose of a post-sale
9 customization if all of the following conditions are met:

10 (A) the aircraft leaves this State within 15 days
11 after the authorized approval for return to service,
12 completion of the maintenance record entry, and
13 completion of the test flight and ground test for
14 inspection, as required by 14 C.F.R. 91.407;

15 (B) the aircraft is not based or registered in this
16 State either before or after the post-sale
17 customization; and

18 (C) the purchaser provides the Department with a
19 signed and dated certification, on a form prescribed by
20 the Department, certifying that the requirements of
21 this item (3) are met. The certificate must also
22 include the name and address of the purchaser, the
23 address of the location where the aircraft is to be
24 titled or registered, the address of the primary
25 physical location of the aircraft, and other
26 information that the Department may reasonably

1 require.

2 If tax becomes due under this subsection (h-2) because of
3 the purchaser's use of the aircraft in this State, the
4 purchaser shall file a return with the Department and pay the
5 tax on the fair market value of the aircraft. This return and
6 payment of the tax must be made no later than 30 days after the
7 aircraft is used in a taxable manner in this State. The tax is
8 based on the fair market value of the aircraft on the date that
9 it is first used in a taxable manner in this State.

10 For purposes of this subsection (h-2):

11 "Based in this State" means hangared, stored, or otherwise
12 used, excluding post-sale customizations as defined in this
13 Section, for 10 or more days in each 12-month period
14 immediately following the date of the sale of the aircraft.

15 "Post-sale customization" means any improvement,
16 maintenance, or repair that is performed on an aircraft
17 following a transfer of ownership of the aircraft.

18 "Prepurchase evaluation" means an examination of an
19 aircraft to provide a potential purchaser with information
20 relevant to the potential purchase.

21 "Registered in this State" means an aircraft registered
22 with the Department of Transportation, Aeronautics Division,
23 or titled or registered with the Federal Aviation
24 Administration to an address located in this State.

25 This subsection (h-2) is exempt from the provisions of
26 Section 3-90.

1 (i) Beginning July 1, 1999, the use, in this State, of fuel
2 acquired outside this State and brought into this State in the
3 fuel supply tanks of locomotives engaged in freight hauling and
4 passenger service for interstate commerce. This subsection is
5 exempt from the provisions of Section 3-90.

6 (j) Beginning on January 1, 2002 and through June 30, 2016,
7 the use of tangible personal property purchased from an
8 Illinois retailer by a taxpayer engaged in centralized
9 purchasing activities in Illinois who will, upon receipt of the
10 property in Illinois, temporarily store the property in
11 Illinois (i) for the purpose of subsequently transporting it
12 outside this State for use or consumption thereafter solely
13 outside this State or (ii) for the purpose of being processed,
14 fabricated, or manufactured into, attached to, or incorporated
15 into other tangible personal property to be transported outside
16 this State and thereafter used or consumed solely outside this
17 State. The Director of Revenue shall, pursuant to rules adopted
18 in accordance with the Illinois Administrative Procedure Act,
19 issue a permit to any taxpayer in good standing with the
20 Department who is eligible for the exemption under this
21 subsection (j). The permit issued under this subsection (j)
22 shall authorize the holder, to the extent and in the manner
23 specified in the rules adopted under this Act, to purchase
24 tangible personal property from a retailer exempt from the
25 taxes imposed by this Act. Taxpayers shall maintain all
26 necessary books and records to substantiate the use and

1 consumption of all such tangible personal property outside of
2 the State of Illinois.

3 (Source: P.A. 97-73, eff. 6-30-11.)

4 (35 ILCS 105/3-85)

5 Sec. 3-85. Manufacturer's Purchase Credit. For purchases
6 of machinery and equipment made on and after January 1, 1995
7 through June 30, 2003, and on and after September 1, 2004
8 through August 30, 2014, a purchaser of manufacturing machinery
9 and equipment that qualifies for the exemption provided by
10 paragraph (18) of Section 3-5 of this Act earns a credit in an
11 amount equal to a fixed percentage of the tax which would have
12 been incurred under this Act on those purchases. For purchases
13 of graphic arts machinery and equipment made on or after July
14 1, 1996 and through June 30, 2003, and on and after September
15 1, 2004 through August 30, 2014, a purchaser of graphic arts
16 machinery and equipment that qualifies for the exemption
17 provided by paragraph (6) of Section 3-5 of this Act earns a
18 credit in an amount equal to a fixed percentage of the tax that
19 would have been incurred under this Act on those purchases. The
20 credit earned for purchases of manufacturing machinery and
21 equipment or graphic arts machinery and equipment shall be
22 referred to as the Manufacturer's Purchase Credit. A graphic
23 arts producer is a person engaged in graphic arts production as
24 defined in Section 2-30 of the Retailers' Occupation Tax Act.
25 Beginning July 1, 1996, all references in this Section to

1 manufacturers or manufacturing shall also be deemed to refer to
2 graphic arts producers or graphic arts production.

3 The amount of credit shall be a percentage of the tax that
4 would have been incurred on the purchase of manufacturing
5 machinery and equipment or graphic arts machinery and equipment
6 if the exemptions provided by paragraph (6) or paragraph (18)
7 of Section 3-5 of this Act had not been applicable. The
8 percentage shall be as follows:

9 (1) 15% for purchases made on or before June 30, 1995.

10 (2) 25% for purchases made after June 30, 1995, and on
11 or before June 30, 1996.

12 (3) 40% for purchases made after June 30, 1996, and on
13 or before June 30, 1997.

14 (4) 50% for purchases made on or after July 1, 1997.

15 (a) Manufacturer's Purchase Credit earned prior to July 1,
16 2003. This subsection (a) applies to Manufacturer's Purchase
17 Credit earned prior to July 1, 2003. A purchaser of production
18 related tangible personal property desiring to use the
19 Manufacturer's Purchase Credit shall certify to the seller
20 prior to October 1, 2003 that the purchaser is satisfying all
21 or part of the liability under the Use Tax Act or the Service
22 Use Tax Act that is due on the purchase of the production
23 related tangible personal property by use of Manufacturer's
24 Purchase Credit. The Manufacturer's Purchase Credit
25 certification must be dated and shall include the name and
26 address of the purchaser, the purchaser's registration number,

1 if registered, the credit being applied, and a statement that
2 the State Use Tax or Service Use Tax liability is being
3 satisfied with the manufacturer's or graphic arts producer's
4 accumulated purchase credit. Certification may be incorporated
5 into the manufacturer's or graphic arts producer's purchase
6 order. Manufacturer's Purchase Credit certification provided
7 by the manufacturer or graphic arts producer prior to October
8 1, 2003 may be used to satisfy the retailer's or serviceman's
9 liability under the Retailers' Occupation Tax Act or Service
10 Occupation Tax Act for the credit claimed, not to exceed 6.25%
11 of the receipts subject to tax from a qualifying purchase, but
12 only if the retailer or serviceman reports the Manufacturer's
13 Purchase Credit claimed as required by the Department. A
14 Manufacturer's Purchase Credit reported on any original or
15 amended return filed under this Act after October 20, 2003
16 shall be disallowed. The Manufacturer's Purchase Credit earned
17 by purchase of exempt manufacturing machinery and equipment or
18 graphic arts machinery and equipment is a non-transferable
19 credit. A manufacturer or graphic arts producer that enters
20 into a contract involving the installation of tangible personal
21 property into real estate within a manufacturing or graphic
22 arts production facility may, prior to October 1, 2003,
23 authorize a construction contractor to utilize credit
24 accumulated by the manufacturer or graphic arts producer to
25 purchase the tangible personal property. A manufacturer or
26 graphic arts producer intending to use accumulated credit to

1 purchase such tangible personal property shall execute a
2 written contract authorizing the contractor to utilize a
3 specified dollar amount of credit. The contractor shall
4 furnish, prior to October 1, 2003, the supplier with the
5 manufacturer's or graphic arts producer's name, registration
6 or resale number, and a statement that a specific amount of the
7 Use Tax or Service Use Tax liability, not to exceed 6.25% of
8 the selling price, is being satisfied with the credit. The
9 manufacturer or graphic arts producer shall remain liable to
10 timely report all information required by the annual Report of
11 Manufacturer's Purchase Credit Used for all credit utilized by
12 a construction contractor.

13 No Manufacturer's Purchase Credit earned prior to July 1,
14 2003 may be used after October 1, 2003. The Manufacturer's
15 Purchase Credit may be used to satisfy liability under the Use
16 Tax Act or the Service Use Tax Act due on the purchase of
17 production related tangible personal property (including
18 purchases by a manufacturer, by a graphic arts producer, or by
19 a lessor who rents or leases the use of the property to a
20 manufacturer or graphic arts producer) that does not otherwise
21 qualify for the manufacturing machinery and equipment
22 exemption or the graphic arts machinery and equipment
23 exemption. "Production related tangible personal property"
24 means (i) all tangible personal property used or consumed by
25 the purchaser in a manufacturing facility in which a
26 manufacturing process described in Section 2-45 of the

1 Retailers' Occupation Tax Act takes place, including tangible
2 personal property purchased for incorporation into real estate
3 within a manufacturing facility and including, but not limited
4 to, tangible personal property used or consumed in activities
5 such as preproduction material handling, receiving, quality
6 control, inventory control, storage, staging, and packaging
7 for shipping and transportation purposes; (ii) all tangible
8 personal property used or consumed by the purchaser in a
9 graphic arts facility in which graphic arts production as
10 described in Section 2-30 of the Retailers' Occupation Tax Act
11 takes place, including tangible personal property purchased
12 for incorporation into real estate within a graphic arts
13 facility and including, but not limited to, all tangible
14 personal property used or consumed in activities such as
15 graphic arts preliminary or pre-press production,
16 pre-production material handling, receiving, quality control,
17 inventory control, storage, staging, sorting, labeling,
18 mailing, tying, wrapping, and packaging; and (iii) all tangible
19 personal property used or consumed by the purchaser for
20 research and development. "Production related tangible
21 personal property" does not include (i) tangible personal
22 property used, within or without a manufacturing facility, in
23 sales, purchasing, accounting, fiscal management, marketing,
24 personnel recruitment or selection, or landscaping or (ii)
25 tangible personal property required to be titled or registered
26 with a department, agency, or unit of federal, state, or local

1 government. The Manufacturer's Purchase Credit may be used,
2 prior to October 1, 2003, to satisfy the tax arising either
3 from the purchase of machinery and equipment on or after
4 January 1, 1995 for which the exemption provided by paragraph
5 (18) of Section 3-5 of this Act was erroneously claimed, or the
6 purchase of machinery and equipment on or after July 1, 1996
7 for which the exemption provided by paragraph (6) of Section
8 3-5 of this Act was erroneously claimed, but not in
9 satisfaction of penalty, if any, and interest for failure to
10 pay the tax when due. A purchaser of production related
11 tangible personal property who is required to pay Illinois Use
12 Tax or Service Use Tax on the purchase directly to the
13 Department may, prior to October 1, 2003, utilize the
14 Manufacturer's Purchase Credit in satisfaction of the tax
15 arising from that purchase, but not in satisfaction of penalty
16 and interest. A purchaser who uses the Manufacturer's Purchase
17 Credit to purchase property which is later determined not to be
18 production related tangible personal property may be liable for
19 tax, penalty, and interest on the purchase of that property as
20 of the date of purchase but shall be entitled to use the
21 disallowed Manufacturer's Purchase Credit, so long as it has
22 not expired and is used prior to October 1, 2003, on qualifying
23 purchases of production related tangible personal property not
24 previously subject to credit usage. The Manufacturer's
25 Purchase Credit earned by a manufacturer or graphic arts
26 producer expires the last day of the second calendar year

1 following the calendar year in which the credit arose. No
2 Manufacturer's Purchase Credit may be used after September 30,
3 2003 regardless of when that credit was earned.

4 A purchaser earning Manufacturer's Purchase Credit shall
5 sign and file an annual Report of Manufacturer's Purchase
6 Credit Earned for each calendar year no later than the last day
7 of the sixth month following the calendar year in which a
8 Manufacturer's Purchase Credit is earned. A Report of
9 Manufacturer's Purchase Credit Earned shall be filed on forms
10 as prescribed or approved by the Department and shall state,
11 for each month of the calendar year: (i) the total purchase
12 price of all purchases of exempt manufacturing or graphic arts
13 machinery on which the credit was earned; (ii) the total State
14 Use Tax or Service Use Tax which would have been due on those
15 items; (iii) the percentage used to calculate the amount of
16 credit earned; (iv) the amount of credit earned; and (v) such
17 other information as the Department may reasonably require. A
18 purchaser earning Manufacturer's Purchase Credit shall
19 maintain records which identify, as to each purchase of
20 manufacturing or graphic arts machinery and equipment on which
21 the purchaser earned Manufacturer's Purchase Credit, the
22 vendor (including, if applicable, either the vendor's
23 registration number or Federal Employer Identification
24 Number), the purchase price, and the amount of Manufacturer's
25 Purchase Credit earned on each purchase.

26 A purchaser using Manufacturer's Purchase Credit shall

1 sign and file an annual Report of Manufacturer's Purchase
2 Credit Used for each calendar year no later than the last day
3 of the sixth month following the calendar year in which a
4 Manufacturer's Purchase Credit is used. A Report of
5 Manufacturer's Purchase Credit Used shall be filed on forms as
6 prescribed or approved by the Department and shall state, for
7 each month of the calendar year: (i) the total purchase price
8 of production related tangible personal property purchased
9 from Illinois suppliers; (ii) the total purchase price of
10 production related tangible personal property purchased from
11 out-of-state suppliers; (iii) the total amount of credit used
12 during such month; and (iv) such other information as the
13 Department may reasonably require. A purchaser using
14 Manufacturer's Purchase Credit shall maintain records that
15 identify, as to each purchase of production related tangible
16 personal property on which the purchaser used Manufacturer's
17 Purchase Credit, the vendor (including, if applicable, either
18 the vendor's registration number or Federal Employer
19 Identification Number), the purchase price, and the amount of
20 Manufacturer's Purchase Credit used on each purchase.

21 No annual report shall be filed before May 1, 1996 or after
22 June 30, 2004. A purchaser that fails to file an annual Report
23 of Manufacturer's Purchase Credit Earned or an annual Report of
24 Manufacturer's Purchase Credit Used by the last day of the
25 sixth month following the end of the calendar year shall
26 forfeit all Manufacturer's Purchase Credit for that calendar

1 year unless it establishes that its failure to file was due to
2 reasonable cause. Manufacturer's Purchase Credit reports may
3 be amended to report and claim credit on qualifying purchases
4 not previously reported at any time before the credit would
5 have expired, unless both the Department and the purchaser have
6 agreed to an extension of the statute of limitations for the
7 issuance of a notice of tax liability as provided in Section 4
8 of the Retailers' Occupation Tax Act. If the time for
9 assessment or refund has been extended, then amended reports
10 for a calendar year may be filed at any time prior to the date
11 to which the statute of limitations for the calendar year or
12 portion thereof has been extended. No Manufacturer's Purchase
13 Credit report filed with the Department for periods prior to
14 January 1, 1995 shall be approved. Manufacturer's Purchase
15 Credit claimed on an amended report may be used, until October
16 1, 2003, to satisfy tax liability under the Use Tax Act or the
17 Service Use Tax Act (i) on qualifying purchases of production
18 related tangible personal property made after the date the
19 amended report is filed or (ii) assessed by the Department on
20 qualifying purchases of production related tangible personal
21 property made in the case of manufacturers on or after January
22 1, 1995, or in the case of graphic arts producers on or after
23 July 1, 1996.

24 If the purchaser is not the manufacturer or a graphic arts
25 producer, but rents or leases the use of the property to a
26 manufacturer or graphic arts producer, the purchaser may earn,

1 report, and use Manufacturer's Purchase Credit in the same
2 manner as a manufacturer or graphic arts producer.

3 A purchaser shall not be entitled to any Manufacturer's
4 Purchase Credit for a purchase that is required to be reported
5 and is not timely reported as provided in this Section. A
6 purchaser remains liable for (i) any tax that was satisfied by
7 use of a Manufacturer's Purchase Credit, as of the date of
8 purchase, if that use is not timely reported as required in
9 this Section and (ii) for any applicable penalties and interest
10 for failing to pay the tax when due. No Manufacturer's Purchase
11 Credit may be used after September 30, 2003 to satisfy any tax
12 liability imposed under this Act, including any audit
13 liability.

14 (b) Manufacturer's Purchase Credit earned on and after
15 September 1, 2004. This subsection (b) applies to
16 Manufacturer's Purchase Credit earned on and after September 1,
17 2004. Manufacturer's Purchase Credit earned on or after
18 September 1, 2004 may only be used to satisfy the Use Tax or
19 Service Use Tax liability incurred on production related
20 tangible personal property purchased on or after September 1,
21 2004. A purchaser of production related tangible personal
22 property desiring to use the Manufacturer's Purchase Credit
23 shall certify to the seller that the purchaser is satisfying
24 all or part of the liability under the Use Tax Act or the
25 Service Use Tax Act that is due on the purchase of the
26 production related tangible personal property by use of

1 Manufacturer's Purchase Credit. The Manufacturer's Purchase
2 Credit certification must be dated and shall include the name
3 and address of the purchaser, the purchaser's registration
4 number, if registered, the credit being applied, and a
5 statement that the State Use Tax or Service Use Tax liability
6 is being satisfied with the manufacturer's or graphic arts
7 producer's accumulated purchase credit. Certification may be
8 incorporated into the manufacturer's or graphic arts
9 producer's purchase order. Manufacturer's Purchase Credit
10 certification provided by the manufacturer or graphic arts
11 producer may be used to satisfy the retailer's or serviceman's
12 liability under the Retailers' Occupation Tax Act or Service
13 Occupation Tax Act for the credit claimed, not to exceed 6.25%,
14 and beginning on January 1, 2018, 5.75%, of the receipts
15 subject to tax from a qualifying purchase, but only if the
16 retailer or serviceman reports the Manufacturer's Purchase
17 Credit claimed as required by the Department. The
18 Manufacturer's Purchase Credit earned by purchase of exempt
19 manufacturing machinery and equipment or graphic arts
20 machinery and equipment is a non-transferable credit. A
21 manufacturer or graphic arts producer that enters into a
22 contract involving the installation of tangible personal
23 property into real estate within a manufacturing or graphic
24 arts production facility may, on or after September 1, 2004,
25 authorize a construction contractor to utilize credit
26 accumulated by the manufacturer or graphic arts producer to

1 purchase the tangible personal property. A manufacturer or
2 graphic arts producer intending to use accumulated credit to
3 purchase such tangible personal property shall execute a
4 written contract authorizing the contractor to utilize a
5 specified dollar amount of credit. The contractor shall furnish
6 the supplier with the manufacturer's or graphic arts producer's
7 name, registration or resale number, and a statement that a
8 specific amount of the Use Tax or Service Use Tax liability,
9 not to exceed 6.25%, and beginning on January 1, 2018, 5.75%,
10 of the selling price, is being satisfied with the credit. The
11 manufacturer or graphic arts producer shall remain liable to
12 timely report all information required by the annual Report of
13 Manufacturer's Purchase Credit Used for all credit utilized by
14 a construction contractor.

15 The Manufacturer's Purchase Credit may be used to satisfy
16 liability under the Use Tax Act or the Service Use Tax Act due
17 on the purchase, made on or after September 1, 2004, of
18 production related tangible personal property (including
19 purchases by a manufacturer, by a graphic arts producer, or by
20 a lessor who rents or leases the use of the property to a
21 manufacturer or graphic arts producer) that does not otherwise
22 qualify for the manufacturing machinery and equipment
23 exemption or the graphic arts machinery and equipment
24 exemption. "Production related tangible personal property"
25 means (i) all tangible personal property used or consumed by
26 the purchaser in a manufacturing facility in which a

1 manufacturing process described in Section 2-45 of the
2 Retailers' Occupation Tax Act takes place, including tangible
3 personal property purchased for incorporation into real estate
4 within a manufacturing facility and including, but not limited
5 to, tangible personal property used or consumed in activities
6 such as preproduction material handling, receiving, quality
7 control, inventory control, storage, staging, and packaging
8 for shipping and transportation purposes; (ii) all tangible
9 personal property used or consumed by the purchaser in a
10 graphic arts facility in which graphic arts production as
11 described in Section 2-30 of the Retailers' Occupation Tax Act
12 takes place, including tangible personal property purchased
13 for incorporation into real estate within a graphic arts
14 facility and including, but not limited to, all tangible
15 personal property used or consumed in activities such as
16 graphic arts preliminary or pre-press production,
17 pre-production material handling, receiving, quality control,
18 inventory control, storage, staging, sorting, labeling,
19 mailing, tying, wrapping, and packaging; and (iii) all tangible
20 personal property used or consumed by the purchaser for
21 research and development. "Production related tangible
22 personal property" does not include (i) tangible personal
23 property used, within or without a manufacturing facility, in
24 sales, purchasing, accounting, fiscal management, marketing,
25 personnel recruitment or selection, or landscaping or (ii)
26 tangible personal property required to be titled or registered

1 with a department, agency, or unit of federal, state, or local
2 government. The Manufacturer's Purchase Credit may be used to
3 satisfy the tax arising either from the purchase of machinery
4 and equipment on or after September 1, 2004 for which the
5 exemption provided by paragraph (18) of Section 3-5 of this Act
6 was erroneously claimed, or the purchase of machinery and
7 equipment on or after September 1, 2004 for which the exemption
8 provided by paragraph (6) of Section 3-5 of this Act was
9 erroneously claimed, but not in satisfaction of penalty, if
10 any, and interest for failure to pay the tax when due. A
11 purchaser of production related tangible personal property
12 that is purchased on or after September 1, 2004 who is required
13 to pay Illinois Use Tax or Service Use Tax on the purchase
14 directly to the Department may utilize the Manufacturer's
15 Purchase Credit in satisfaction of the tax arising from that
16 purchase, but not in satisfaction of penalty and interest. A
17 purchaser who uses the Manufacturer's Purchase Credit to
18 purchase property on and after September 1, 2004 which is later
19 determined not to be production related tangible personal
20 property may be liable for tax, penalty, and interest on the
21 purchase of that property as of the date of purchase but shall
22 be entitled to use the disallowed Manufacturer's Purchase
23 Credit, so long as it has not expired and is used on qualifying
24 purchases of production related tangible personal property not
25 previously subject to credit usage. The Manufacturer's
26 Purchase Credit earned by a manufacturer or graphic arts

1 producer expires the last day of the second calendar year
2 following the calendar year in which the credit arose. A
3 purchaser earning Manufacturer's Purchase Credit shall sign
4 and file an annual Report of Manufacturer's Purchase Credit
5 Earned for each calendar year no later than the last day of the
6 sixth month following the calendar year in which a
7 Manufacturer's Purchase Credit is earned. A Report of
8 Manufacturer's Purchase Credit Earned shall be filed on forms
9 as prescribed or approved by the Department and shall state,
10 for each month of the calendar year: (i) the total purchase
11 price of all purchases of exempt manufacturing or graphic arts
12 machinery on which the credit was earned; (ii) the total State
13 Use Tax or Service Use Tax which would have been due on those
14 items; (iii) the percentage used to calculate the amount of
15 credit earned; (iv) the amount of credit earned; and (v) such
16 other information as the Department may reasonably require. A
17 purchaser earning Manufacturer's Purchase Credit shall
18 maintain records which identify, as to each purchase of
19 manufacturing or graphic arts machinery and equipment on which
20 the purchaser earned Manufacturer's Purchase Credit, the
21 vendor (including, if applicable, either the vendor's
22 registration number or Federal Employer Identification
23 Number), the purchase price, and the amount of Manufacturer's
24 Purchase Credit earned on each purchase. A purchaser using
25 Manufacturer's Purchase Credit shall sign and file an annual
26 Report of Manufacturer's Purchase Credit Used for each calendar

1 year no later than the last day of the sixth month following
2 the calendar year in which a Manufacturer's Purchase Credit is
3 used. A Report of Manufacturer's Purchase Credit Used shall be
4 filed on forms as prescribed or approved by the Department and
5 shall state, for each month of the calendar year: (i) the total
6 purchase price of production related tangible personal
7 property purchased from Illinois suppliers; (ii) the total
8 purchase price of production related tangible personal
9 property purchased from out-of-state suppliers; (iii) the
10 total amount of credit used during such month; and (iv) such
11 other information as the Department may reasonably require. A
12 purchaser using Manufacturer's Purchase Credit shall maintain
13 records that identify, as to each purchase of production
14 related tangible personal property on which the purchaser used
15 Manufacturer's Purchase Credit, the vendor (including, if
16 applicable, either the vendor's registration number or Federal
17 Employer Identification Number), the purchase price, and the
18 amount of Manufacturer's Purchase Credit used on each purchase.

19 A purchaser that fails to file an annual Report of
20 Manufacturer's Purchase Credit Earned or an annual Report of
21 Manufacturer's Purchase Credit Used by the last day of the
22 sixth month following the end of the calendar year shall
23 forfeit all Manufacturer's Purchase Credit for that calendar
24 year unless it establishes that its failure to file was due to
25 reasonable cause. Manufacturer's Purchase Credit reports may
26 be amended to report and claim credit on qualifying purchases

1 not previously reported at any time before the credit would
2 have expired, unless both the Department and the purchaser have
3 agreed to an extension of the statute of limitations for the
4 issuance of a notice of tax liability as provided in Section 4
5 of the Retailers' Occupation Tax Act. If the time for
6 assessment or refund has been extended, then amended reports
7 for a calendar year may be filed at any time prior to the date
8 to which the statute of limitations for the calendar year or
9 portion thereof has been extended. Manufacturer's Purchase
10 Credit claimed on an amended report may be used to satisfy tax
11 liability under the Use Tax Act or the Service Use Tax Act (i)
12 on qualifying purchases of production related tangible
13 personal property made after the date the amended report is
14 filed or (ii) assessed by the Department on qualifying
15 production related tangible personal property purchased on or
16 after September 1, 2004. If the purchaser is not the
17 manufacturer or a graphic arts producer, but rents or leases
18 the use of the property to a manufacturer or graphic arts
19 producer, the purchaser may earn, report, and use
20 Manufacturer's Purchase Credit in the same manner as a
21 manufacturer or graphic arts producer. A purchaser shall not be
22 entitled to any Manufacturer's Purchase Credit for a purchase
23 that is required to be reported and is not timely reported as
24 provided in this Section. A purchaser remains liable for (i)
25 any tax that was satisfied by use of a Manufacturer's Purchase
26 Credit, as of the date of purchase, if that use is not timely

1 reported as required in this Section and (ii) for any
2 applicable penalties and interest for failing to pay the tax
3 when due.

4 (Source: P.A. 96-116, eff. 7-31-09.)

5 (35 ILCS 105/9) (from Ch. 120, par. 439.9)

6 Sec. 9. Except as to motor vehicles, watercraft, aircraft,
7 and trailers that are required to be registered with an agency
8 of this State, each retailer required or authorized to collect
9 the tax imposed by this Act shall pay to the Department the
10 amount of such tax (except as otherwise provided) at the time
11 when he is required to file his return for the period during
12 which such tax was collected, less a discount of 2.1% prior to
13 January 1, 1990, and 1.75% on and after January 1, 1990, or \$5
14 per calendar year, whichever is greater, which is allowed to
15 reimburse the retailer for expenses incurred in collecting the
16 tax, keeping records, preparing and filing returns, remitting
17 the tax and supplying data to the Department on request. In the
18 case of retailers who report and pay the tax on a transaction
19 by transaction basis, as provided in this Section, such
20 discount shall be taken with each such tax remittance instead
21 of when such retailer files his periodic return. The Department
22 may disallow the discount for retailers whose certificate of
23 registration is revoked at the time the return is filed, but
24 only if the Department's decision to revoke the certificate of
25 registration has become final. A retailer need not remit that

1 part of any tax collected by him to the extent that he is
2 required to remit and does remit the tax imposed by the
3 Retailers' Occupation Tax Act, with respect to the sale of the
4 same property.

5 Where such tangible personal property is sold under a
6 conditional sales contract, or under any other form of sale
7 wherein the payment of the principal sum, or a part thereof, is
8 extended beyond the close of the period for which the return is
9 filed, the retailer, in collecting the tax (except as to motor
10 vehicles, watercraft, aircraft, and trailers that are required
11 to be registered with an agency of this State), may collect for
12 each tax return period, only the tax applicable to that part of
13 the selling price actually received during such tax return
14 period.

15 Except as provided in this Section, on or before the
16 twentieth day of each calendar month, such retailer shall file
17 a return for the preceding calendar month. Such return shall be
18 filed on forms prescribed by the Department and shall furnish
19 such information as the Department may reasonably require.

20 The Department may require returns to be filed on a
21 quarterly basis. If so required, a return for each calendar
22 quarter shall be filed on or before the twentieth day of the
23 calendar month following the end of such calendar quarter. The
24 taxpayer shall also file a return with the Department for each
25 of the first two months of each calendar quarter, on or before
26 the twentieth day of the following calendar month, stating:

- 1 1. The name of the seller;
- 2 2. The address of the principal place of business from
3 which he engages in the business of selling tangible
4 personal property at retail in this State;
- 5 3. The total amount of taxable receipts received by him
6 during the preceding calendar month from sales of tangible
7 personal property by him during such preceding calendar
8 month, including receipts from charge and time sales, but
9 less all deductions allowed by law;
- 10 4. The amount of credit provided in Section 2d of this
11 Act;
- 12 5. The amount of tax due;
- 13 5-5. The signature of the taxpayer; and
- 14 6. Such other reasonable information as the Department
15 may require.

16 If a taxpayer fails to sign a return within 30 days after
17 the proper notice and demand for signature by the Department,
18 the return shall be considered valid and any amount shown to be
19 due on the return shall be deemed assessed.

20 Beginning October 1, 1993, a taxpayer who has an average
21 monthly tax liability of \$150,000 or more shall make all
22 payments required by rules of the Department by electronic
23 funds transfer. Beginning October 1, 1994, a taxpayer who has
24 an average monthly tax liability of \$100,000 or more shall make
25 all payments required by rules of the Department by electronic
26 funds transfer. Beginning October 1, 1995, a taxpayer who has

1 an average monthly tax liability of \$50,000 or more shall make
2 all payments required by rules of the Department by electronic
3 funds transfer. Beginning October 1, 2000, a taxpayer who has
4 an annual tax liability of \$200,000 or more shall make all
5 payments required by rules of the Department by electronic
6 funds transfer. The term "annual tax liability" shall be the
7 sum of the taxpayer's liabilities under this Act, and under all
8 other State and local occupation and use tax laws administered
9 by the Department, for the immediately preceding calendar year.
10 The term "average monthly tax liability" means the sum of the
11 taxpayer's liabilities under this Act, and under all other
12 State and local occupation and use tax laws administered by the
13 Department, for the immediately preceding calendar year
14 divided by 12. Beginning on October 1, 2002, a taxpayer who has
15 a tax liability in the amount set forth in subsection (b) of
16 Section 2505-210 of the Department of Revenue Law shall make
17 all payments required by rules of the Department by electronic
18 funds transfer.

19 Before August 1 of each year beginning in 1993, the
20 Department shall notify all taxpayers required to make payments
21 by electronic funds transfer. All taxpayers required to make
22 payments by electronic funds transfer shall make those payments
23 for a minimum of one year beginning on October 1.

24 Any taxpayer not required to make payments by electronic
25 funds transfer may make payments by electronic funds transfer
26 with the permission of the Department.

1 All taxpayers required to make payment by electronic funds
2 transfer and any taxpayers authorized to voluntarily make
3 payments by electronic funds transfer shall make those payments
4 in the manner authorized by the Department.

5 The Department shall adopt such rules as are necessary to
6 effectuate a program of electronic funds transfer and the
7 requirements of this Section.

8 Before October 1, 2000, if the taxpayer's average monthly
9 tax liability to the Department under this Act, the Retailers'
10 Occupation Tax Act, the Service Occupation Tax Act, the Service
11 Use Tax Act was \$10,000 or more during the preceding 4 complete
12 calendar quarters, he shall file a return with the Department
13 each month by the 20th day of the month next following the
14 month during which such tax liability is incurred and shall
15 make payments to the Department on or before the 7th, 15th,
16 22nd and last day of the month during which such liability is
17 incurred. On and after October 1, 2000, if the taxpayer's
18 average monthly tax liability to the Department under this Act,
19 the Retailers' Occupation Tax Act, the Service Occupation Tax
20 Act, and the Service Use Tax Act was \$20,000 or more during the
21 preceding 4 complete calendar quarters, he shall file a return
22 with the Department each month by the 20th day of the month
23 next following the month during which such tax liability is
24 incurred and shall make payment to the Department on or before
25 the 7th, 15th, 22nd and last day of the month during which such
26 liability is incurred. If the month during which such tax

1 liability is incurred began prior to January 1, 1985, each
2 payment shall be in an amount equal to 1/4 of the taxpayer's
3 actual liability for the month or an amount set by the
4 Department not to exceed 1/4 of the average monthly liability
5 of the taxpayer to the Department for the preceding 4 complete
6 calendar quarters (excluding the month of highest liability and
7 the month of lowest liability in such 4 quarter period). If the
8 month during which such tax liability is incurred begins on or
9 after January 1, 1985, and prior to January 1, 1987, each
10 payment shall be in an amount equal to 22.5% of the taxpayer's
11 actual liability for the month or 27.5% of the taxpayer's
12 liability for the same calendar month of the preceding year. If
13 the month during which such tax liability is incurred begins on
14 or after January 1, 1987, and prior to January 1, 1988, each
15 payment shall be in an amount equal to 22.5% of the taxpayer's
16 actual liability for the month or 26.25% of the taxpayer's
17 liability for the same calendar month of the preceding year. If
18 the month during which such tax liability is incurred begins on
19 or after January 1, 1988, and prior to January 1, 1989, or
20 begins on or after January 1, 1996, each payment shall be in an
21 amount equal to 22.5% of the taxpayer's actual liability for
22 the month or 25% of the taxpayer's liability for the same
23 calendar month of the preceding year. If the month during which
24 such tax liability is incurred begins on or after January 1,
25 1989, and prior to January 1, 1996, each payment shall be in an
26 amount equal to 22.5% of the taxpayer's actual liability for

1 the month or 25% of the taxpayer's liability for the same
2 calendar month of the preceding year or 100% of the taxpayer's
3 actual liability for the quarter monthly reporting period. The
4 amount of such quarter monthly payments shall be credited
5 against the final tax liability of the taxpayer's return for
6 that month. Before October 1, 2000, once applicable, the
7 requirement of the making of quarter monthly payments to the
8 Department shall continue until such taxpayer's average
9 monthly liability to the Department during the preceding 4
10 complete calendar quarters (excluding the month of highest
11 liability and the month of lowest liability) is less than
12 \$9,000, or until such taxpayer's average monthly liability to
13 the Department as computed for each calendar quarter of the 4
14 preceding complete calendar quarter period is less than
15 \$10,000. However, if a taxpayer can show the Department that a
16 substantial change in the taxpayer's business has occurred
17 which causes the taxpayer to anticipate that his average
18 monthly tax liability for the reasonably foreseeable future
19 will fall below the \$10,000 threshold stated above, then such
20 taxpayer may petition the Department for change in such
21 taxpayer's reporting status. On and after October 1, 2000, once
22 applicable, the requirement of the making of quarter monthly
23 payments to the Department shall continue until such taxpayer's
24 average monthly liability to the Department during the
25 preceding 4 complete calendar quarters (excluding the month of
26 highest liability and the month of lowest liability) is less

1 than \$19,000 or until such taxpayer's average monthly liability
2 to the Department as computed for each calendar quarter of the
3 4 preceding complete calendar quarter period is less than
4 \$20,000. However, if a taxpayer can show the Department that a
5 substantial change in the taxpayer's business has occurred
6 which causes the taxpayer to anticipate that his average
7 monthly tax liability for the reasonably foreseeable future
8 will fall below the \$20,000 threshold stated above, then such
9 taxpayer may petition the Department for a change in such
10 taxpayer's reporting status. The Department shall change such
11 taxpayer's reporting status unless it finds that such change is
12 seasonal in nature and not likely to be long term. If any such
13 quarter monthly payment is not paid at the time or in the
14 amount required by this Section, then the taxpayer shall be
15 liable for penalties and interest on the difference between the
16 minimum amount due and the amount of such quarter monthly
17 payment actually and timely paid, except insofar as the
18 taxpayer has previously made payments for that month to the
19 Department in excess of the minimum payments previously due as
20 provided in this Section. The Department shall make reasonable
21 rules and regulations to govern the quarter monthly payment
22 amount and quarter monthly payment dates for taxpayers who file
23 on other than a calendar monthly basis.

24 If any such payment provided for in this Section exceeds
25 the taxpayer's liabilities under this Act, the Retailers'
26 Occupation Tax Act, the Service Occupation Tax Act and the

1 Service Use Tax Act, as shown by an original monthly return,
2 the Department shall issue to the taxpayer a credit memorandum
3 no later than 30 days after the date of payment, which
4 memorandum may be submitted by the taxpayer to the Department
5 in payment of tax liability subsequently to be remitted by the
6 taxpayer to the Department or be assigned by the taxpayer to a
7 similar taxpayer under this Act, the Retailers' Occupation Tax
8 Act, the Service Occupation Tax Act or the Service Use Tax Act,
9 in accordance with reasonable rules and regulations to be
10 prescribed by the Department, except that if such excess
11 payment is shown on an original monthly return and is made
12 after December 31, 1986, no credit memorandum shall be issued,
13 unless requested by the taxpayer. If no such request is made,
14 the taxpayer may credit such excess payment against tax
15 liability subsequently to be remitted by the taxpayer to the
16 Department under this Act, the Retailers' Occupation Tax Act,
17 the Service Occupation Tax Act or the Service Use Tax Act, in
18 accordance with reasonable rules and regulations prescribed by
19 the Department. If the Department subsequently determines that
20 all or any part of the credit taken was not actually due to the
21 taxpayer, the taxpayer's 2.1% or 1.75% vendor's discount shall
22 be reduced by 2.1% or 1.75% of the difference between the
23 credit taken and that actually due, and the taxpayer shall be
24 liable for penalties and interest on such difference.

25 If the retailer is otherwise required to file a monthly
26 return and if the retailer's average monthly tax liability to

1 the Department does not exceed \$200, the Department may
2 authorize his returns to be filed on a quarter annual basis,
3 with the return for January, February, and March of a given
4 year being due by April 20 of such year; with the return for
5 April, May and June of a given year being due by July 20 of such
6 year; with the return for July, August and September of a given
7 year being due by October 20 of such year, and with the return
8 for October, November and December of a given year being due by
9 January 20 of the following year.

10 If the retailer is otherwise required to file a monthly or
11 quarterly return and if the retailer's average monthly tax
12 liability to the Department does not exceed \$50, the Department
13 may authorize his returns to be filed on an annual basis, with
14 the return for a given year being due by January 20 of the
15 following year.

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

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

26 In addition, with respect to motor vehicles, watercraft,

1 aircraft, and trailers that are required to be registered with
2 an agency of this State, every retailer selling this kind of
3 tangible personal property shall file, with the Department,
4 upon a form to be prescribed and supplied by the Department, a
5 separate return for each such item of tangible personal
6 property which the retailer sells, except that if, in the same
7 transaction, (i) a retailer of aircraft, watercraft, motor
8 vehicles or trailers transfers more than one aircraft,
9 watercraft, motor vehicle or trailer to another aircraft,
10 watercraft, motor vehicle or trailer retailer for the purpose
11 of resale or (ii) a retailer of aircraft, watercraft, motor
12 vehicles, or trailers transfers more than one aircraft,
13 watercraft, motor vehicle, or trailer to a purchaser for use as
14 a qualifying rolling stock as provided in Section 3-55 of this
15 Act, then that seller may report the transfer of all the
16 aircraft, watercraft, motor vehicles or trailers involved in
17 that transaction to the Department on the same uniform
18 invoice-transaction reporting return form. For purposes of
19 this Section, "watercraft" means a Class 2, Class 3, or Class 4
20 watercraft as defined in Section 3-2 of the Boat Registration
21 and Safety Act, a personal watercraft, or any boat equipped
22 with an inboard motor.

23 The transaction reporting return in the case of motor
24 vehicles or trailers that are required to be registered with an
25 agency of this State, shall be the same document as the Uniform
26 Invoice referred to in Section 5-402 of the Illinois Vehicle

1 Code and must show the name and address of the seller; the name
2 and address of the purchaser; the amount of the selling price
3 including the amount allowed by the retailer for traded-in
4 property, if any; the amount allowed by the retailer for the
5 traded-in tangible personal property, if any, to the extent to
6 which Section 2 of this Act allows an exemption for the value
7 of traded-in property; the balance payable after deducting such
8 trade-in allowance from the total selling price; the amount of
9 tax due from the retailer with respect to such transaction; the
10 amount of tax collected from the purchaser by the retailer on
11 such transaction (or satisfactory evidence that such tax is not
12 due in that particular instance, if that is claimed to be the
13 fact); the place and date of the sale; a sufficient
14 identification of the property sold; such other information as
15 is required in Section 5-402 of the Illinois Vehicle Code, and
16 such other information as the Department may reasonably
17 require.

18 The transaction reporting return in the case of watercraft
19 and aircraft must show the name and address of the seller; the
20 name and address of the purchaser; the amount of the selling
21 price including the amount allowed by the retailer for
22 traded-in property, if any; the amount allowed by the retailer
23 for the traded-in tangible personal property, if any, to the
24 extent to which Section 2 of this Act allows an exemption for
25 the value of traded-in property; the balance payable after
26 deducting such trade-in allowance from the total selling price;

1 the amount of tax due from the retailer with respect to such
2 transaction; the amount of tax collected from the purchaser by
3 the retailer on such transaction (or satisfactory evidence that
4 such tax is not due in that particular instance, if that is
5 claimed to be the fact); the place and date of the sale, a
6 sufficient identification of the property sold, and such other
7 information as the Department may reasonably require.

8 Such transaction reporting return shall be filed not later
9 than 20 days after the date of delivery of the item that is
10 being sold, but may be filed by the retailer at any time sooner
11 than that if he chooses to do so. The transaction reporting
12 return and tax remittance or proof of exemption from the tax
13 that is imposed by this Act may be transmitted to the
14 Department by way of the State agency with which, or State
15 officer with whom, the tangible personal property must be
16 titled or registered (if titling or registration is required)
17 if the Department and such agency or State officer determine
18 that this procedure will expedite the processing of
19 applications for title or registration.

20 With each such transaction reporting return, the retailer
21 shall remit the proper amount of tax due (or shall submit
22 satisfactory evidence that the sale is not taxable if that is
23 the case), to the Department or its agents, whereupon the
24 Department shall issue, in the purchaser's name, a tax receipt
25 (or a certificate of exemption if the Department is satisfied
26 that the particular sale is tax exempt) which such purchaser

1 may submit to the agency with which, or State officer with
2 whom, he must title or register the tangible personal property
3 that is involved (if titling or registration is required) in
4 support of such purchaser's application for an Illinois
5 certificate or other evidence of title or registration to such
6 tangible personal property.

7 No retailer's failure or refusal to remit tax under this
8 Act precludes a user, who has paid the proper tax to the
9 retailer, from obtaining his certificate of title or other
10 evidence of title or registration (if titling or registration
11 is required) upon satisfying the Department that such user has
12 paid the proper tax (if tax is due) to the retailer. The
13 Department shall adopt appropriate rules to carry out the
14 mandate of this paragraph.

15 If the user who would otherwise pay tax to the retailer
16 wants the transaction reporting return filed and the payment of
17 tax or proof of exemption made to the Department before the
18 retailer is willing to take these actions and such user has not
19 paid the tax to the retailer, such user may certify to the fact
20 of such delay by the retailer, and may (upon the Department
21 being satisfied of the truth of such certification) transmit
22 the information required by the transaction reporting return
23 and the remittance for tax or proof of exemption directly to
24 the Department and obtain his tax receipt or exemption
25 determination, in which event the transaction reporting return
26 and tax remittance (if a tax payment was required) shall be

1 credited by the Department to the proper retailer's account
2 with the Department, but without the 2.1% or 1.75% discount
3 provided for in this Section being allowed. When the user pays
4 the tax directly to the Department, he shall pay the tax in the
5 same amount and in the same form in which it would be remitted
6 if the tax had been remitted to the Department by the retailer.

7 Where a retailer collects the tax with respect to the
8 selling price of tangible personal property which he sells and
9 the purchaser thereafter returns such tangible personal
10 property and the retailer refunds the selling price thereof to
11 the purchaser, such retailer shall also refund, to the
12 purchaser, the tax so collected from the purchaser. When filing
13 his return for the period in which he refunds such tax to the
14 purchaser, the retailer may deduct the amount of the tax so
15 refunded by him to the purchaser from any other use tax which
16 such retailer may be required to pay or remit to the
17 Department, as shown by such return, if the amount of the tax
18 to be deducted was previously remitted to the Department by
19 such retailer. If the retailer has not previously remitted the
20 amount of such tax to the Department, he is entitled to no
21 deduction under this Act upon refunding such tax to the
22 purchaser.

23 Any retailer filing a return under this Section shall also
24 include (for the purpose of paying tax thereon) the total tax
25 covered by such return upon the selling price of tangible
26 personal property purchased by him at retail from a retailer,

1 but as to which the tax imposed by this Act was not collected
2 from the retailer filing such return, and such retailer shall
3 remit the amount of such tax to the Department when filing such
4 return.

5 If experience indicates such action to be practicable, the
6 Department may prescribe and furnish a combination or joint
7 return which will enable retailers, who are required to file
8 returns hereunder and also under the Retailers' Occupation Tax
9 Act, to furnish all the return information required by both
10 Acts on the one form.

11 Where the retailer has more than one business registered
12 with the Department under separate registration under this Act,
13 such retailer may not file each return that is due as a single
14 return covering all such registered businesses, but shall file
15 separate returns for each such registered business.

16 Beginning January 1, 1990, each month the Department shall
17 pay into the State and Local Sales Tax Reform Fund, a special
18 fund in the State Treasury which is hereby created, the net
19 revenue realized for the preceding month from the 1% tax on
20 sales of food for human consumption which is to be consumed off
21 the premises where it is sold (other than alcoholic beverages,
22 soft drinks and food which has been prepared for immediate
23 consumption) and prescription and nonprescription medicines,
24 drugs, medical appliances, products classified as Class III
25 medical devices by the United States Food and Drug
26 Administration that are used for cancer treatment pursuant to a

1 prescription, as well as any accessories and components related
2 to those devices, and insulin, urine testing materials,
3 syringes and needles used by diabetics.

4 From ~~Beginning~~ January 1, 1990 through January 31, 2018,
5 each month the Department shall pay into the County and Mass
6 Transit District Fund 4% of the net revenue realized for the
7 preceding month from the ~~6.25%~~ general rate on the selling
8 price of tangible personal property which is purchased outside
9 Illinois at retail from a retailer and which is titled or
10 registered by an agency of this State's government. Beginning
11 on February 1, 2018, each month the Department shall pay into
12 the County and Mass Transit District Fund 4.35% of the net
13 revenue realized for the preceding month from the general rate
14 on the selling price of tangible personal property which is
15 purchased outside Illinois at retail from a retailer and which
16 is titled or registered by an agency of this State's
17 government.

18 From ~~Beginning~~ January 1, 1990 through January 31, 2018,
19 each month the Department shall pay into the State and Local
20 Sales Tax Reform Fund, a special fund in the State Treasury,
21 20% of the net revenue realized for the preceding month from
22 the ~~6.25%~~ general rate on the selling price of tangible
23 personal property, other than tangible personal property which
24 is purchased outside Illinois at retail from a retailer and
25 which is titled or registered by an agency of this State's
26 government. Beginning on February 1, 2018, each month the

1 Department shall pay into the State and Local Sales Tax Reform
2 Fund, a special fund in the State Treasury, 21.74% of the net
3 revenue realized for the preceding month from the general rate
4 on the selling price of tangible personal property, other than
5 tangible personal property which is purchased outside Illinois
6 at retail from a retailer and which is titled or registered by
7 an agency of this State's government.

8 Beginning August 1, 2000, each month the Department shall
9 pay into the State and Local Sales Tax Reform Fund 100% of the
10 net revenue realized for the preceding month from the 1.25%
11 rate on the selling price of motor fuel and gasohol. Beginning
12 September 1, 2010, each month the Department shall pay into the
13 State and Local Sales Tax Reform Fund 100% of the net revenue
14 realized for the preceding month from the 1.25% rate on the
15 selling price of sales tax holiday items.

16 From ~~Beginning~~ January 1, 1990 through January 31, 2018,
17 each month the Department shall pay into the Local Government
18 Tax Fund 16% of the net revenue realized for the preceding
19 month from the ~~6.25%~~ general rate on the selling price of
20 tangible personal property which is purchased outside Illinois
21 at retail from a retailer and which is titled or registered by
22 an agency of this State's government. Beginning on February 1,
23 2018, each month the Department shall pay into the Local
24 Government Tax Fund 17.39% of the net revenue realized for the
25 preceding month from the general rate on the selling price of
26 tangible personal property which is purchased outside Illinois

1 at retail from a retailer and which is titled or registered by
2 an agency of this State's government.

3 Beginning October 1, 2009 through January 1, 2018, each
4 month the Department shall pay into the Capital Projects Fund
5 an amount that is equal to an amount estimated by the
6 Department to represent 80% of the net revenue realized for the
7 preceding month from the sale of candy, grooming and hygiene
8 products, and soft drinks that had been taxed at a rate of 1%
9 prior to September 1, 2009 but that are now taxed at the
10 general rate 6.25%. Beginning on February 1, 2018, each month
11 the Department shall pay into the Capital Projects Fund an
12 amount that is equal to an amount estimated by the Department
13 to represent 86.96% of the net revenue realized for the
14 preceding month from the sale of candy, grooming and hygiene
15 products, and soft drinks that had been taxed at a rate of 1%
16 prior to September 1, 2009 but that are now taxed at the
17 general rate.

18 From Beginning July 1, 2011 through January 1, 2018, each
19 month the Department shall pay into the Clean Air Act Permit
20 Fund 80% of the net revenue realized for the preceding month
21 from the ~~6.25%~~ general rate on the selling price of sorbents
22 used in Illinois in the process of sorbent injection as used to
23 comply with the Environmental Protection Act or the federal
24 Clean Air Act, ~~but the total payment into the Clean Air Act~~
25 ~~Permit Fund under this Act and the Retailers' Occupation Tax~~
26 ~~Act shall not exceed \$2,000,000 in any fiscal year.~~ Beginning

1 on February 1, 2018, each month the Department shall pay into
2 the Clean Air Act (CAA) Permit Fund 86.96% of the net revenue
3 realized for the preceding month from the general rate on the
4 selling price of sorbents used in Illinois in the process of
5 sorbent injection as used to comply with the Environmental
6 Protection Act or the federal Clean Air Act. The total payment
7 into the Clean Air Act (CAA) Permit Fund under this Act and the
8 Retailers' Occupation Tax Act shall not exceed \$2,000,000 in
9 any fiscal year.

10 Beginning July 1, 2013, each month the Department shall pay
11 into the Underground Storage Tank Fund from the proceeds
12 collected under this Act, the Service Use Tax Act, the Service
13 Occupation Tax Act, and the Retailers' Occupation Tax Act an
14 amount equal to the average monthly deficit in the Underground
15 Storage Tank Fund during the prior year, as certified annually
16 by the Illinois Environmental Protection Agency, but the total
17 payment into the Underground Storage Tank Fund under this Act,
18 the Service Use Tax Act, the Service Occupation Tax Act, and
19 the Retailers' Occupation Tax Act shall not exceed \$18,000,000
20 in any State fiscal year. As used in this paragraph, the
21 "average monthly deficit" shall be equal to the difference
22 between the average monthly claims for payment by the fund and
23 the average monthly revenues deposited into the fund, excluding
24 payments made pursuant to this paragraph.

25 Beginning July 1, 2015, of the remainder of the moneys
26 received by the Department under this Act, the Service Use Tax

1 Act, the Service Occupation Tax Act, and the Retailers'
2 Occupation Tax Act, each month the Department shall deposit
3 \$500,000 into the State Crime Laboratory Fund.

4 Of the remainder of the moneys received by the Department
5 pursuant to this Act, (a) 1.75% thereof shall be paid into the
6 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
7 and after July 1, 1989, 3.8% thereof shall be paid into the
8 Build Illinois Fund; provided, however, that if in any fiscal
9 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
10 may be, of the moneys received by the Department and required
11 to be paid into the Build Illinois Fund pursuant to Section 3
12 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
13 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
14 Service Occupation Tax Act, such Acts being hereinafter called
15 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
16 may be, of moneys being hereinafter called the "Tax Act
17 Amount", and (2) the amount transferred to the Build Illinois
18 Fund from the State and Local Sales Tax Reform Fund shall be
19 less than the Annual Specified Amount (as defined in Section 3
20 of the Retailers' Occupation Tax Act), an amount equal to the
21 difference shall be immediately paid into the Build Illinois
22 Fund from other moneys received by the Department pursuant to
23 the Tax Acts; and further provided, that if on the last
24 business day of any month the sum of (1) the Tax Act Amount
25 required to be deposited into the Build Illinois Bond Account
26 in the Build Illinois Fund during such month and (2) the amount

1 transferred during such month to the Build Illinois Fund from
2 the State and Local Sales Tax Reform Fund shall have been less
3 than 1/12 of the Annual Specified Amount, an amount equal to
4 the difference shall be immediately paid into the Build
5 Illinois Fund from other moneys received by the Department
6 pursuant to the Tax Acts; and, further provided, that in no
7 event shall the payments required under the preceding proviso
8 result in aggregate payments into the Build Illinois Fund
9 pursuant to this clause (b) for any fiscal year in excess of
10 the greater of (i) the Tax Act Amount or (ii) the Annual
11 Specified Amount for such fiscal year; and, further provided,
12 that the amounts payable into the Build Illinois Fund under
13 this clause (b) shall be payable only until such time as the
14 aggregate amount on deposit under each trust indenture securing
15 Bonds issued and outstanding pursuant to the Build Illinois
16 Bond Act is sufficient, taking into account any future
17 investment income, to fully provide, in accordance with such
18 indenture, for the defeasance of or the payment of the
19 principal of, premium, if any, and interest on the Bonds
20 secured by such indenture and on any Bonds expected to be
21 issued thereafter and all fees and costs payable with respect
22 thereto, all as certified by the Director of the Bureau of the
23 Budget (now Governor's Office of Management and Budget). If on
24 the last business day of any month in which Bonds are
25 outstanding pursuant to the Build Illinois Bond Act, the
26 aggregate of the moneys deposited in the Build Illinois Bond

1 Account in the Build Illinois Fund in such month shall be less
2 than the amount required to be transferred in such month from
3 the Build Illinois Bond Account to the Build Illinois Bond
4 Retirement and Interest Fund pursuant to Section 13 of the
5 Build Illinois Bond Act, an amount equal to such deficiency
6 shall be immediately paid from other moneys received by the
7 Department pursuant to the Tax Acts to the Build Illinois Fund;
8 provided, however, that any amounts paid to the Build Illinois
9 Fund in any fiscal year pursuant to this sentence shall be
10 deemed to constitute payments pursuant to clause (b) of the
11 preceding sentence and shall reduce the amount otherwise
12 payable for such fiscal year pursuant to clause (b) of the
13 preceding sentence. The moneys received by the Department
14 pursuant to this Act and required to be deposited into the
15 Build Illinois Fund are subject to the pledge, claim and charge
16 set forth in Section 12 of the Build Illinois Bond Act.

17 Subject to payment of amounts into the Build Illinois Fund
18 as provided in the preceding paragraph or in any amendment
19 thereto hereafter enacted, the following specified monthly
20 installment of the amount requested in the certificate of the
21 Chairman of the Metropolitan Pier and Exposition Authority
22 provided under Section 8.25f of the State Finance Act, but not
23 in excess of the sums designated as "Total Deposit", shall be
24 deposited in the aggregate from collections under Section 9 of
25 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
26 9 of the Service Occupation Tax Act, and Section 3 of the

1 Retailers' Occupation Tax Act into the McCormick Place
2 Expansion Project Fund in the specified fiscal years.

3	Fiscal Year	Total Deposit
4	1993	\$0
5	1994	53,000,000
6	1995	58,000,000
7	1996	61,000,000
8	1997	64,000,000
9	1998	68,000,000
10	1999	71,000,000
11	2000	75,000,000
12	2001	80,000,000
13	2002	93,000,000
14	2003	99,000,000
15	2004	103,000,000
16	2005	108,000,000
17	2006	113,000,000
18	2007	119,000,000
19	2008	126,000,000
20	2009	132,000,000
21	2010	139,000,000
22	2011	146,000,000
23	2012	153,000,000
24	2013	161,000,000
25	2014	170,000,000
26	2015	179,000,000

1	2016	189,000,000
2	2017	199,000,000
3	2018	210,000,000
4	2019	221,000,000
5	2020	233,000,000
6	2021	246,000,000
7	2022	260,000,000
8	2023	275,000,000
9	2024	275,000,000
10	2025	275,000,000
11	2026	279,000,000
12	2027	292,000,000
13	2028	307,000,000
14	2029	322,000,000
15	2030	338,000,000
16	2031	350,000,000
17	2032	350,000,000

18 and

19 each fiscal year

20 thereafter that bonds

21 are outstanding under

22 Section 13.2 of the

23 Metropolitan Pier and

24 Exposition Authority Act,

25 but not after fiscal year 2060.

26 Beginning July 20, 1993 and in each month of each fiscal

1 year thereafter, one-eighth of the amount requested in the
2 certificate of the Chairman of the Metropolitan Pier and
3 Exposition Authority for that fiscal year, less the amount
4 deposited into the McCormick Place Expansion Project Fund by
5 the State Treasurer in the respective month under subsection
6 (g) of Section 13 of the Metropolitan Pier and Exposition
7 Authority Act, plus cumulative deficiencies in the deposits
8 required under this Section for previous months and years,
9 shall be deposited into the McCormick Place Expansion Project
10 Fund, until the full amount requested for the fiscal year, but
11 not in excess of the amount specified above as "Total Deposit",
12 has been deposited.

13 Subject to payment of amounts into the Build Illinois Fund
14 and the McCormick Place Expansion Project Fund pursuant to the
15 preceding paragraphs or in any amendments thereto hereafter
16 enacted, beginning July 1, 1993 and ending on September 30,
17 2013, the Department shall each month pay into the Illinois Tax
18 Increment Fund 0.27% of 80% of the net revenue realized for the
19 preceding month from the 6.25% general rate on the selling
20 price of tangible personal property.

21 Subject to payment of amounts into the Build Illinois Fund
22 and the McCormick Place Expansion Project Fund pursuant to the
23 preceding paragraphs or in any amendments thereto hereafter
24 enacted, beginning with the receipt of the first report of
25 taxes paid by an eligible business and continuing for a 25-year
26 period, (i) prior to January 1, 2018, the Department shall each

1 month pay into the Energy Infrastructure Fund 80% of the net
2 revenue realized from the ~~6.25%~~ general rate on the selling
3 price of Illinois-mined coal that was sold to an eligible
4 business , and (ii) on and after January 1, 2018, the
5 Department shall each month pay into the Energy Infrastructure
6 Fund 86.96% of the net revenue realized from the general rate
7 on the selling price of Illinois-mined coal that was sold to an
8 eligible business. For purposes of this paragraph, the term
9 "eligible business" means a new electric generating facility
10 certified pursuant to Section 605-332 of the Department of
11 Commerce and Economic Opportunity Law of the Civil
12 Administrative Code of Illinois.

13 Subject to payment of amounts into the Build Illinois Fund,
14 the McCormick Place Expansion Project Fund, the Illinois Tax
15 Increment Fund, and the Energy Infrastructure Fund pursuant to
16 the preceding paragraphs or in any amendments to this Section
17 hereafter enacted, beginning on the first day of the first
18 calendar month to occur on or after August 26, 2014 (the
19 effective date of Public Act 98-1098) ~~this amendatory Act of~~
20 ~~the 98th General Assembly~~, each month, from the collections
21 made under Section 9 of the Use Tax Act, Section 9 of the
22 Service Use Tax Act, Section 9 of the Service Occupation Tax
23 Act, and Section 3 of the Retailers' Occupation Tax Act, the
24 Department shall pay into the Tax Compliance and Administration
25 Fund, to be used, subject to appropriation, to fund additional
26 auditors and compliance personnel at the Department of Revenue,

1 an amount equal to 1/12 of 5% of (i) prior to January 1, 2018,
2 80% of the cash receipts collected during the preceding fiscal
3 year by the Audit Bureau of the Department under the Use Tax
4 Act, the Service Use Tax Act, the Service Occupation Tax Act,
5 the Retailers' Occupation Tax Act, and associated local
6 occupation and use taxes administered by the Department, and
7 (ii) on and after January 1, 2018, 86.96% of the cash receipts
8 collected during the preceding fiscal year by the Audit Bureau
9 of the Department under the Use Tax Act, the Service Use Tax
10 Act, the Service Occupation Tax Act, the Retailers' Occupation
11 Tax Act, and associated local occupation and use taxes
12 administered by the Department.

13 Of the remainder of the moneys received by the Department
14 pursuant to this Act, until January 1, 2018, 75%, and,
15 beginning January 1, 2018, 72.83% thereof shall be paid into
16 the State Treasury and, until January 1, 2018, 25%, and
17 beginning January 1, 2018, 27.17% shall be reserved in a
18 special account and used only for the transfer to the Common
19 School Fund as part of the monthly transfer from the General
20 Revenue Fund in accordance with Section 8a of the State Finance
21 Act.

22 As soon as possible after the first day of each month, upon
23 certification of the Department of Revenue, the Comptroller
24 shall order transferred and the Treasurer shall transfer from
25 the General Revenue Fund to the Motor Fuel Tax Fund an amount
26 equal to 1.7% of 80% of the net revenue realized under this Act

1 for the second preceding month. Beginning April 1, 2000, this
2 transfer is no longer required and shall not be made.

3 Net revenue realized for a month shall be the revenue
4 collected by the State pursuant to this Act, less the amount
5 paid out during that month as refunds to taxpayers for
6 overpayment of liability.

7 For greater simplicity of administration, manufacturers,
8 importers and wholesalers whose products are sold at retail in
9 Illinois by numerous retailers, and who wish to do so, may
10 assume the responsibility for accounting and paying to the
11 Department all tax accruing under this Act with respect to such
12 sales, if the retailers who are affected do not make written
13 objection to the Department to this arrangement.

14 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
15 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
16 8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933,
17 eff. 1-27-17; revised 2-3-17.)

18 Section 25. The Service Use Tax Act is amended by changing
19 Sections 3-10, 3-70, and 9 as follows:

20 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

21 Sec. 3-10. Rate of tax. Unless otherwise provided in this
22 Section, until January 1, 2018, the tax imposed by this Act is
23 at the rate of 6.25% of the selling price of tangible personal
24 property transferred as an incident to the sale of service,

1 but, for the purpose of computing this tax, in no event shall
2 the selling price be less than the cost price of the property
3 to the serviceman. Unless otherwise provided in this Section,
4 beginning on January 1, 2018, the tax imposed by this Act is at
5 the rate of 5.75% of the selling price of tangible personal
6 property transferred as an incident to the sale of service,
7 but, for the purpose of computing this tax, in no event shall
8 the selling price be less than the cost price of the property
9 to the serviceman. References to the "general rate" mean (i)
10 the 6.25% rate until January 1, 2018 and (ii) the 5.75% rate on
11 and after January 1, 2018.

12 Beginning on July 1, 2000 and through December 31, 2000,
13 with respect to motor fuel, as defined in Section 1.1 of the
14 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
15 the Use Tax Act, the tax is imposed at the rate of 1.25%.

16 With respect to gasohol, as defined in the Use Tax Act, the
17 tax imposed by this Act applies to (i) 70% of the selling price
18 of property transferred as an incident to the sale of service
19 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
20 of the selling price of property transferred as an incident to
21 the sale of service on or after July 1, 2003 and on or before
22 December 31, 2018, and (iii) 100% of the selling price
23 thereafter. If, at any time, however, the tax under this Act on
24 sales of gasohol, as defined in the Use Tax Act, is imposed at
25 the rate of 1.25%, then the tax imposed by this Act applies to
26 100% of the proceeds of sales of gasohol made during that time.

1 With respect to majority blended ethanol fuel, as defined
2 in the Use Tax Act, the tax imposed by this Act does not apply
3 to the selling price of property transferred as an incident to
4 the sale of service on or after July 1, 2003 and on or before
5 December 31, 2018 but applies to 100% of the selling price
6 thereafter.

7 With respect to biodiesel blends, as defined in the Use Tax
8 Act, with no less than 1% and no more than 10% biodiesel, the
9 tax imposed by this Act applies to (i) 80% of the selling price
10 of property transferred as an incident to the sale of service
11 on or after July 1, 2003 and on or before December 31, 2018 and
12 (ii) 100% of the proceeds of the selling price thereafter. If,
13 at any time, however, the tax under this Act on sales of
14 biodiesel blends, as defined in the Use Tax Act, with no less
15 than 1% and no more than 10% biodiesel is imposed at the rate
16 of 1.25%, then the tax imposed by this Act applies to 100% of
17 the proceeds of sales of biodiesel blends with no less than 1%
18 and no more than 10% biodiesel made during that time.

19 With respect to 100% biodiesel, as defined in the Use Tax
20 Act, and biodiesel blends, as defined in the Use Tax Act, with
21 more than 10% but no more than 99% biodiesel, the tax imposed
22 by this Act does not apply to the proceeds of the selling price
23 of property transferred as an incident to the sale of service
24 on or after July 1, 2003 and on or before December 31, 2018 but
25 applies to 100% of the selling price thereafter.

26 At the election of any registered serviceman made for each

1 fiscal year, sales of service in which the aggregate annual
2 cost price of tangible personal property transferred as an
3 incident to the sales of service is less than 35%, or 75% in
4 the case of servicemen transferring prescription drugs or
5 servicemen engaged in graphic arts production, of the aggregate
6 annual total gross receipts from all sales of service, the tax
7 imposed by this Act shall be based on the serviceman's cost
8 price of the tangible personal property transferred as an
9 incident to the sale of those services.

10 The tax shall be imposed at the rate of 1% on food prepared
11 for immediate consumption and transferred incident to a sale of
12 service subject to this Act or the Service Occupation Tax Act
13 by an entity licensed under the Hospital Licensing Act, the
14 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD
15 Act, the Specialized Mental Health Rehabilitation Act of 2013,
16 or the Child Care Act of 1969. The tax shall also be imposed at
17 the rate of 1% on food for human consumption that is to be
18 consumed off the premises where it is sold (other than
19 alcoholic beverages, soft drinks, and food that has been
20 prepared for immediate consumption and is not otherwise
21 included in this paragraph) and prescription and
22 nonprescription medicines, drugs, medical appliances, products
23 classified as Class III medical devices by the United States
24 Food and Drug Administration that are used for cancer treatment
25 pursuant to a prescription, as well as any accessories and
26 components related to those devices, modifications to a motor

1 vehicle for the purpose of rendering it usable by a person with
2 a disability, and insulin, urine testing materials, syringes,
3 and needles used by diabetics, for human use. For the purposes
4 of this Section, until September 1, 2009: the term "soft
5 drinks" means any complete, finished, ready-to-use,
6 non-alcoholic drink, whether carbonated or not, including but
7 not limited to soda water, cola, fruit juice, vegetable juice,
8 carbonated water, and all other preparations commonly known as
9 soft drinks of whatever kind or description that are contained
10 in any closed or sealed bottle, can, carton, or container,
11 regardless of size; but "soft drinks" does not include coffee,
12 tea, non-carbonated water, infant formula, milk or milk
13 products as defined in the Grade A Pasteurized Milk and Milk
14 Products Act, or drinks containing 50% or more natural fruit or
15 vegetable juice.

16 Notwithstanding any other provisions of this Act,
17 beginning September 1, 2009, "soft drinks" means non-alcoholic
18 beverages that contain natural or artificial sweeteners. "Soft
19 drinks" do not include beverages that contain milk or milk
20 products, soy, rice or similar milk substitutes, or greater
21 than 50% of vegetable or fruit juice by volume.

22 Until August 1, 2009, and notwithstanding any other
23 provisions of this Act, "food for human consumption that is to
24 be consumed off the premises where it is sold" includes all
25 food sold through a vending machine, except soft drinks and
26 food products that are dispensed hot from a vending machine,

1 regardless of the location of the vending machine. Beginning
2 August 1, 2009, and notwithstanding any other provisions of
3 this Act, "food for human consumption that is to be consumed
4 off the premises where it is sold" includes all food sold
5 through a vending machine, except soft drinks, candy, and food
6 products that are dispensed hot from a vending machine,
7 regardless of the location of the vending machine.

8 Notwithstanding any other provisions of this Act,
9 beginning September 1, 2009, "food for human consumption that
10 is to be consumed off the premises where it is sold" does not
11 include candy. For purposes of this Section, "candy" means a
12 preparation of sugar, honey, or other natural or artificial
13 sweeteners in combination with chocolate, fruits, nuts or other
14 ingredients or flavorings in the form of bars, drops, or
15 pieces. "Candy" does not include any preparation that contains
16 flour or requires refrigeration.

17 Notwithstanding any other provisions of this Act,
18 beginning September 1, 2009, "nonprescription medicines and
19 drugs" does not include grooming and hygiene products. For
20 purposes of this Section, "grooming and hygiene products"
21 includes, but is not limited to, soaps and cleaning solutions,
22 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
23 lotions and screens, unless those products are available by
24 prescription only, regardless of whether the products meet the
25 definition of "over-the-counter-drugs". For the purposes of
26 this paragraph, "over-the-counter-drug" means a drug for human

1 use that contains a label that identifies the product as a drug
2 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
3 label includes:

4 (A) A "Drug Facts" panel; or

5 (B) A statement of the "active ingredient(s)" with a
6 list of those ingredients contained in the compound,
7 substance or preparation.

8 Beginning on January 1, 2014 (the effective date of Public
9 Act 98-122), "prescription and nonprescription medicines and
10 drugs" includes medical cannabis purchased from a registered
11 dispensing organization under the Compassionate Use of Medical
12 Cannabis Pilot Program Act.

13 If the property that is acquired from a serviceman is
14 acquired outside Illinois and used outside Illinois before
15 being brought to Illinois for use here and is taxable under
16 this Act, the "selling price" on which the tax is computed
17 shall be reduced by an amount that represents a reasonable
18 allowance for depreciation for the period of prior out-of-state
19 use.

20 (Source: P.A. 98-104, eff. 7-22-13; 98-122, eff. 1-1-14;
21 98-756, eff. 7-16-14; 99-143, eff. 7-27-15; 99-180, eff.
22 7-29-15; 99-642, eff. 7-28-16; 99-858, eff. 8-19-16.)

23 (35 ILCS 110/3-70)

24 Sec. 3-70. Manufacturer's Purchase Credit. For purchases
25 of machinery and equipment made on and after January 1, 1995

1 and through June 30, 2003, and on and after September 1, 2004
2 through August 30, 2014, a purchaser of manufacturing machinery
3 and equipment that qualifies for the exemption provided by
4 Section 2 of this Act earns a credit in an amount equal to a
5 fixed percentage of the tax which would have been incurred
6 under this Act on those purchases. For purchases of graphic
7 arts machinery and equipment made on or after July 1, 1996
8 through June 30, 2003, and on and after September 1, 2004
9 through August 30, 2014, a purchase of graphic arts machinery
10 and equipment that qualifies for the exemption provided by
11 paragraph (5) of Section 3-5 of this Act earns a credit in an
12 amount equal to a fixed percentage of the tax that would have
13 been incurred under this Act on those purchases. The credit
14 earned for the purchase of manufacturing machinery and
15 equipment and graphic arts machinery and equipment shall be
16 referred to as the Manufacturer's Purchase Credit. A graphic
17 arts producer is a person engaged in graphic arts production as
18 defined in Section 3-30 of the Service Occupation Tax Act.
19 Beginning July 1, 1996, all references in this Section to
20 manufacturers or manufacturing shall also refer to graphic arts
21 producers or graphic arts production.

22 The amount of credit shall be a percentage of the tax that
23 would have been incurred on the purchase of the manufacturing
24 machinery and equipment or graphic arts machinery and equipment
25 if the exemptions provided by Section 2 or paragraph (5) of
26 Section 3-5 of this Act had not been applicable.

1 All purchases prior to October 1, 2003 of manufacturing
2 machinery and equipment and graphic arts machinery and
3 equipment that qualify for the exemptions provided by paragraph
4 (5) of Section 2 or paragraph (5) of Section 3-5 of this Act
5 qualify for the credit without regard to whether the serviceman
6 elected, or could have elected, under paragraph (7) of Section
7 2 of this Act to exclude the transaction from this Act. If the
8 serviceman's billing to the service customer separately states
9 a selling price for the exempt manufacturing machinery or
10 equipment or the exempt graphic arts machinery and equipment,
11 the credit shall be calculated, as otherwise provided herein,
12 based on that selling price. If the serviceman's billing does
13 not separately state a selling price for the exempt
14 manufacturing machinery and equipment or the exempt graphic
15 arts machinery and equipment, the credit shall be calculated,
16 as otherwise provided herein, based on 50% of the entire
17 billing. If the serviceman contracts to design, develop, and
18 produce special order manufacturing machinery and equipment or
19 special order graphic arts machinery and equipment, and the
20 billing does not separately state a selling price for such
21 special order machinery and equipment, the credit shall be
22 calculated, as otherwise provided herein, based on 50% of the
23 entire billing. The provisions of this paragraph are effective
24 for purchases made on or after January 1, 1995.

25 The percentage shall be as follows:

26 (1) 15% for purchases made on or before June 30, 1995.

1 (2) 25% for purchases made after June 30, 1995, and on
2 or before June 30, 1996.

3 (3) 40% for purchases made after June 30, 1996, and on
4 or before June 30, 1997.

5 (4) 50% for purchases made on or after July 1, 1997.

6 (a) Manufacturer's Purchase Credit earned prior to July 1,
7 2003. This subsection (a) applies to Manufacturer's Purchase
8 Credit earned prior to July 1, 2003. A purchaser of production
9 related tangible personal property desiring to use the
10 Manufacturer's Purchase Credit shall certify to the seller
11 prior to October 1, 2003 that the purchaser is satisfying all
12 or part of the liability under the Use Tax Act or the Service
13 Use Tax Act that is due on the purchase of the production
14 related tangible personal property by use of a Manufacturer's
15 Purchase Credit. The Manufacturer's Purchase Credit
16 certification must be dated and shall include the name and
17 address of the purchaser, the purchaser's registration number,
18 if registered, the credit being applied, and a statement that
19 the State Use Tax or Service Use Tax liability is being
20 satisfied with the manufacturer's or graphic arts producer's
21 accumulated purchase credit. Certification may be incorporated
22 into the manufacturer's or graphic arts producer's purchase
23 order. Manufacturer's Purchase Credit certification provided
24 by the manufacturer or graphic arts producer prior to October
25 1, 2003 may be used to satisfy the retailer's or serviceman's
26 liability under the Retailers' Occupation Tax Act or Service

1 Occupation Tax Act for the credit claimed, not to exceed 6.25%
2 of the receipts subject to tax from a qualifying purchase, but
3 only if the retailer or serviceman reports the Manufacturer's
4 Purchase Credit claimed as required by the Department. A
5 Manufacturer's Purchase Credit reported on any original or
6 amended return filed under this Act after October 20, 2003
7 shall be disallowed. The Manufacturer's Purchase Credit earned
8 by purchase of exempt manufacturing machinery and equipment or
9 graphic arts machinery and equipment is a non-transferable
10 credit. A manufacturer or graphic arts producer that enters
11 into a contract involving the installation of tangible personal
12 property into real estate within a manufacturing or graphic
13 arts production facility, prior to October 1, 2003, may
14 authorize a construction contractor to utilize credit
15 accumulated by the manufacturer or graphic arts producer to
16 purchase the tangible personal property. A manufacturer or
17 graphic arts producer intending to use accumulated credit to
18 purchase such tangible personal property shall execute a
19 written contract authorizing the contractor to utilize a
20 specified dollar amount of credit. The contractor shall
21 furnish, prior to October 1, 2003, the supplier with the
22 manufacturer's or graphic arts producer's name, registration
23 or resale number, and a statement that a specific amount of the
24 Use Tax or Service Use Tax liability, not to exceed 6.25% of
25 the selling price, is being satisfied with the credit. The
26 manufacturer or graphic arts producer shall remain liable to

1 timely report all information required by the annual Report of
2 Manufacturer's Purchase Credit Used for credit utilized by a
3 construction contractor.

4 No Manufacturer's Purchase Credit earned prior to July 1,
5 2003 may be used after October 1, 2003. The Manufacturer's
6 Purchase Credit may be used to satisfy liability under the Use
7 Tax Act or the Service Use Tax Act due on the purchase of
8 production related tangible personal property (including
9 purchases by a manufacturer, by a graphic arts producer, or a
10 lessor who rents or leases the use of the property to a
11 manufacturer or graphic arts producer) that does not otherwise
12 qualify for the manufacturing machinery and equipment
13 exemption or the graphic arts machinery and equipment
14 exemption. "Production related tangible personal property"
15 means (i) all tangible personal property used or consumed by
16 the purchaser in a manufacturing facility in which a
17 manufacturing process described in Section 2-45 of the
18 Retailers' Occupation Tax Act takes place, including tangible
19 personal property purchased for incorporation into real estate
20 within a manufacturing facility and including, but not limited
21 to, tangible personal property used or consumed in activities
22 such as pre-production material handling, receiving, quality
23 control, inventory control, storage, staging, and packaging
24 for shipping and transportation purposes; (ii) all tangible
25 personal property used or consumed by the purchaser in a
26 graphic arts facility in which graphic arts production as

1 described in Section 2-30 of the Retailers' Occupation Tax Act
2 takes place, including tangible personal property purchased
3 for incorporation into real estate within a graphic arts
4 facility and including, but not limited to, all tangible
5 personal property used or consumed in activities such as
6 graphic arts preliminary or pre-press production,
7 pre-production material handling, receiving, quality control,
8 inventory control, storage, staging, sorting, labeling,
9 mailing, tying, wrapping, and packaging; and (iii) all tangible
10 personal property used or consumed by the purchaser for
11 research and development. "Production related tangible
12 personal property" does not include (i) tangible personal
13 property used, within or without a manufacturing or graphic
14 arts facility, in sales, purchasing, accounting, fiscal
15 management, marketing, personnel recruitment or selection, or
16 landscaping or (ii) tangible personal property required to be
17 titled or registered with a department, agency, or unit of
18 federal, state, or local government. The Manufacturer's
19 Purchase Credit may be used, prior to October 1, 2003, to
20 satisfy the tax arising either from the purchase of machinery
21 and equipment on or after January 1, 1995 for which the
22 manufacturing machinery and equipment exemption provided by
23 Section 2 of this Act was erroneously claimed, or the purchase
24 of machinery and equipment on or after July 1, 1996 for which
25 the exemption provided by paragraph (5) of Section 3-5 of this
26 Act was erroneously claimed, but not in satisfaction of

1 penalty, if any, and interest for failure to pay the tax when
2 due. A purchaser of production related tangible personal
3 property who is required to pay Illinois Use Tax or Service Use
4 Tax on the purchase directly to the Department may, prior to
5 October 1, 2003, utilize the Manufacturer's Purchase Credit in
6 satisfaction of the tax arising from that purchase, but not in
7 satisfaction of penalty and interest. A purchaser who uses the
8 Manufacturer's Purchase Credit to purchase property which is
9 later determined not to be production related tangible personal
10 property may be liable for tax, penalty, and interest on the
11 purchase of that property as of the date of purchase but shall
12 be entitled to use the disallowed Manufacturer's Purchase
13 Credit, so long as it has not expired and is used prior to
14 October 1, 2003, on qualifying purchases of production related
15 tangible personal property not previously subject to credit
16 usage. The Manufacturer's Purchase Credit earned by a
17 manufacturer or graphic arts producer expires the last day of
18 the second calendar year following the calendar year in which
19 the credit arose. No Manufacturer's Purchase Credit may be used
20 after September 30, 2003 regardless of when that credit was
21 earned.

22 A purchaser earning Manufacturer's Purchase Credit shall
23 sign and file an annual Report of Manufacturer's Purchase
24 Credit Earned for each calendar year no later than the last day
25 of the sixth month following the calendar year in which a
26 Manufacturer's Purchase Credit is earned. A Report of

1 Manufacturer's Purchase Credit Earned shall be filed on forms
2 as prescribed or approved by the Department and shall state,
3 for each month of the calendar year: (i) the total purchase
4 price of all purchases of exempt manufacturing or graphic arts
5 machinery on which the credit was earned; (ii) the total State
6 Use Tax or Service Use Tax which would have been due on those
7 items; (iii) the percentage used to calculate the amount of
8 credit earned; (iv) the amount of credit earned; and (v) such
9 other information as the Department may reasonably require. A
10 purchaser earning Manufacturer's Purchase Credit shall
11 maintain records which identify, as to each purchase of
12 manufacturing or graphic arts machinery and equipment on which
13 the purchaser earned Manufacturer's Purchase Credit, the
14 vendor (including, if applicable, either the vendor's
15 registration number or Federal Employer Identification
16 Number), the purchase price, and the amount of Manufacturer's
17 Purchase Credit earned on each purchase.

18 A purchaser using Manufacturer's Purchase Credit shall
19 sign and file an annual Report of Manufacturer's Purchase
20 Credit Used for each calendar year no later than the last day
21 of the sixth month following the calendar year in which a
22 Manufacturer's Purchase Credit is used. A Report of
23 Manufacturer's Purchase Credit Used shall be filed on forms as
24 prescribed or approved by the Department and shall state, for
25 each month of the calendar year: (i) the total purchase price
26 of production related tangible personal property purchased

1 from Illinois suppliers; (ii) the total purchase price of
2 production related tangible personal property purchased from
3 out-of-state suppliers; (iii) the total amount of credit used
4 during such month; and (iv) such other information as the
5 Department may reasonably require. A purchaser using
6 Manufacturer's Purchase Credit shall maintain records that
7 identify, as to each purchase of production related tangible
8 personal property on which the purchaser used Manufacturer's
9 Purchase Credit, the vendor (including, if applicable, either
10 the vendor's registration number or Federal Employer
11 Identification Number), the purchase price, and the amount of
12 Manufacturer's Purchase Credit used on each purchase.

13 No annual report shall be filed before May 1, 1996 or after
14 June 30, 2004. A purchaser that fails to file an annual Report
15 of Manufacturer's Purchase Credit Earned or an annual Report of
16 Manufacturer's Purchase Credit Used by the last day of the
17 sixth month following the end of the calendar year shall
18 forfeit all Manufacturer's Purchase Credit for that calendar
19 year unless it establishes that its failure to file was due to
20 reasonable cause. Manufacturer's Purchase Credit reports may
21 be amended to report and claim credit on qualifying purchases
22 not previously reported at any time before the credit would
23 have expired, unless both the Department and the purchaser have
24 agreed to an extension of the statute of limitations for the
25 issuance of a notice of tax liability as provided in Section 4
26 of the Retailers' Occupation Tax Act. If the time for

1 assessment or refund has been extended, then amended reports
2 for a calendar year may be filed at any time prior to the date
3 to which the statute of limitations for the calendar year or
4 portion thereof has been extended. No Manufacturer's Purchase
5 Credit report filed with the Department for periods prior to
6 January 1, 1995 shall be approved. Manufacturer's Purchase
7 Credit claimed on an amended report may be used, prior to
8 October 1, 2003, to satisfy tax liability under the Use Tax Act
9 or the Service Use Tax Act (i) on qualifying purchases of
10 production related tangible personal property made after the
11 date the amended report is filed or (ii) assessed by the
12 Department on qualifying purchases of production related
13 tangible personal property made in the case of manufacturers on
14 or after January 1, 1995, or in the case of graphic arts
15 producers on or after July 1, 1996.

16 If the purchaser is not the manufacturer or a graphic arts
17 producer, but rents or leases the use of the property to a
18 manufacturer or a graphic arts producer, the purchaser may
19 earn, report, and use Manufacturer's Purchase Credit in the
20 same manner as a manufacturer or graphic arts producer.

21 A purchaser shall not be entitled to any Manufacturer's
22 Purchase Credit for a purchase that is required to be reported
23 and is not timely reported as provided in this Section. A
24 purchaser remains liable for (i) any tax that was satisfied by
25 use of a Manufacturer's Purchase Credit, as of the date of
26 purchase, if that use is not timely reported as required in

1 this Section and (ii) for any applicable penalties and interest
2 for failing to pay the tax when due. No Manufacturer's Purchase
3 Credit may be used after September 30, 2003 to satisfy any tax
4 liability imposed under this Act, including any audit
5 liability.

6 (b) Manufacturer's Purchase Credit earned on and after
7 September 1, 2004. This subsection (b) applies to
8 Manufacturer's Purchase Credit earned on or after September 1,
9 2004. Manufacturer's Purchase Credit earned on or after
10 September 1, 2004 may only be used to satisfy the Use Tax or
11 Service Use Tax liability incurred on production related
12 tangible personal property purchased on or after September 1,
13 2004. A purchaser of production related tangible personal
14 property desiring to use the Manufacturer's Purchase Credit
15 shall certify to the seller that the purchaser is satisfying
16 all or part of the liability under the Use Tax Act or the
17 Service Use Tax Act that is due on the purchase of the
18 production related tangible personal property by use of a
19 Manufacturer's Purchase Credit. The Manufacturer's Purchase
20 Credit certification must be dated and shall include the name
21 and address of the purchaser, the purchaser's registration
22 number, if registered, the credit being applied, and a
23 statement that the State Use Tax or Service Use Tax liability
24 is being satisfied with the manufacturer's or graphic arts
25 producer's accumulated purchase credit. Certification may be
26 incorporated into the manufacturer's or graphic arts

1 producer's purchase order. Manufacturer's Purchase Credit
2 certification provided by the manufacturer or graphic arts
3 producer may be used to satisfy the retailer's or serviceman's
4 liability under the Retailers' Occupation Tax Act or Service
5 Occupation Tax Act for the credit claimed, not to exceed 6.25%,
6 and beginning January 1, 2018, 5.75% of the receipts subject to
7 tax from a qualifying purchase, but only if the retailer or
8 serviceman reports the Manufacturer's Purchase Credit claimed
9 as required by the Department. The Manufacturer's Purchase
10 Credit earned by purchase of exempt manufacturing machinery and
11 equipment or graphic arts machinery and equipment is a
12 non-transferable credit. A manufacturer or graphic arts
13 producer that enters into a contract involving the installation
14 of tangible personal property into real estate within a
15 manufacturing or graphic arts production facility may, on or
16 after September 1, 2004, authorize a construction contractor to
17 utilize credit accumulated by the manufacturer or graphic arts
18 producer to purchase the tangible personal property. A
19 manufacturer or graphic arts producer intending to use
20 accumulated credit to purchase such tangible personal property
21 shall execute a written contract authorizing the contractor to
22 utilize a specified dollar amount of credit. The contractor
23 shall furnish the supplier with the manufacturer's or graphic
24 arts producer's name, registration or resale number, and a
25 statement that a specific amount of the Use Tax or Service Use
26 Tax liability, not to exceed 6.25%, and beginning January 1,

1 2018, 5.75% of the selling price, is being satisfied with the
2 credit. The manufacturer or graphic arts producer shall remain
3 liable to timely report all information required by the annual
4 Report of Manufacturer's Purchase Credit Used for credit
5 utilized by a construction contractor.

6 The Manufacturer's Purchase Credit may be used to satisfy
7 liability under the Use Tax Act or the Service Use Tax Act due
8 on the purchase, made on or after September 1, 2004, of
9 production related tangible personal property (including
10 purchases by a manufacturer, by a graphic arts producer, or a
11 lessor who rents or leases the use of the property to a
12 manufacturer or graphic arts producer) that does not otherwise
13 qualify for the manufacturing machinery and equipment
14 exemption or the graphic arts machinery and equipment
15 exemption. "Production related tangible personal property"
16 means (i) all tangible personal property used or consumed by
17 the purchaser in a manufacturing facility in which a
18 manufacturing process described in Section 2-45 of the
19 Retailers' Occupation Tax Act takes place, including tangible
20 personal property purchased for incorporation into real estate
21 within a manufacturing facility and including, but not limited
22 to, tangible personal property used or consumed in activities
23 such as pre-production material handling, receiving, quality
24 control, inventory control, storage, staging, and packaging
25 for shipping and transportation purposes; (ii) all tangible
26 personal property used or consumed by the purchaser in a

1 graphic arts facility in which graphic arts production as
2 described in Section 2-30 of the Retailers' Occupation Tax Act
3 takes place, including tangible personal property purchased
4 for incorporation into real estate within a graphic arts
5 facility and including, but not limited to, all tangible
6 personal property used or consumed in activities such as
7 graphic arts preliminary or pre-press production,
8 pre-production material handling, receiving, quality control,
9 inventory control, storage, staging, sorting, labeling,
10 mailing, tying, wrapping, and packaging; and (iii) all tangible
11 personal property used or consumed by the purchaser for
12 research and development. "Production related tangible
13 personal property" does not include (i) tangible personal
14 property used, within or without a manufacturing or graphic
15 arts facility, in sales, purchasing, accounting, fiscal
16 management, marketing, personnel recruitment or selection, or
17 landscaping or (ii) tangible personal property required to be
18 titled or registered with a department, agency, or unit of
19 federal, state, or local government. The Manufacturer's
20 Purchase Credit may be used to satisfy the tax arising either
21 from the purchase of machinery and equipment on or after
22 September 1, 2004 for which the manufacturing machinery and
23 equipment exemption provided by Section 2 of this Act was
24 erroneously claimed, or the purchase of machinery and equipment
25 on or after September 1, 2004 for which the exemption provided
26 by paragraph (5) of Section 3-5 of this Act was erroneously

1 claimed, but not in satisfaction of penalty, if any, and
2 interest for failure to pay the tax when due. A purchaser of
3 production related tangible personal property that is
4 purchased on or after September 1, 2004 who is required to pay
5 Illinois Use Tax or Service Use Tax on the purchase directly to
6 the Department may utilize the Manufacturer's Purchase Credit
7 in satisfaction of the tax arising from that purchase, but not
8 in satisfaction of penalty and interest. A purchaser who uses
9 the Manufacturer's Purchase Credit to purchase property on and
10 after September 1, 2004 which is later determined not to be
11 production related tangible personal property may be liable for
12 tax, penalty, and interest on the purchase of that property as
13 of the date of purchase but shall be entitled to use the
14 disallowed Manufacturer's Purchase Credit, so long as it has
15 not expired, on qualifying purchases of production related
16 tangible personal property not previously subject to credit
17 usage. The Manufacturer's Purchase Credit earned by a
18 manufacturer or graphic arts producer expires the last day of
19 the second calendar year following the calendar year in which
20 the credit arose.

21 A purchaser earning Manufacturer's Purchase Credit shall
22 sign and file an annual Report of Manufacturer's Purchase
23 Credit Earned for each calendar year no later than the last day
24 of the sixth month following the calendar year in which a
25 Manufacturer's Purchase Credit is earned. A Report of
26 Manufacturer's Purchase Credit Earned shall be filed on forms

1 as prescribed or approved by the Department and shall state,
2 for each month of the calendar year: (i) the total purchase
3 price of all purchases of exempt manufacturing or graphic arts
4 machinery on which the credit was earned; (ii) the total State
5 Use Tax or Service Use Tax which would have been due on those
6 items; (iii) the percentage used to calculate the amount of
7 credit earned; (iv) the amount of credit earned; and (v) such
8 other information as the Department may reasonably require. A
9 purchaser earning Manufacturer's Purchase Credit shall
10 maintain records which identify, as to each purchase of
11 manufacturing or graphic arts machinery and equipment on which
12 the purchaser earned Manufacturer's Purchase Credit, the
13 vendor (including, if applicable, either the vendor's
14 registration number or Federal Employer Identification
15 Number), the purchase price, and the amount of Manufacturer's
16 Purchase Credit earned on each purchase.

17 A purchaser using Manufacturer's Purchase Credit shall
18 sign and file an annual Report of Manufacturer's Purchase
19 Credit Used for each calendar year no later than the last day
20 of the sixth month following the calendar year in which a
21 Manufacturer's Purchase Credit is used. A Report of
22 Manufacturer's Purchase Credit Used shall be filed on forms as
23 prescribed or approved by the Department and shall state, for
24 each month of the calendar year: (i) the total purchase price
25 of production related tangible personal property purchased
26 from Illinois suppliers; (ii) the total purchase price of

1 production related tangible personal property purchased from
2 out-of-state suppliers; (iii) the total amount of credit used
3 during such month; and (iv) such other information as the
4 Department may reasonably require. A purchaser using
5 Manufacturer's Purchase Credit shall maintain records that
6 identify, as to each purchase of production related tangible
7 personal property on which the purchaser used Manufacturer's
8 Purchase Credit, the vendor (including, if applicable, either
9 the vendor's registration number or Federal Employer
10 Identification Number), the purchase price, and the amount of
11 Manufacturer's Purchase Credit used on each purchase.

12 A purchaser that fails to file an annual Report of
13 Manufacturer's Purchase Credit Earned or an annual Report of
14 Manufacturer's Purchase Credit Used by the last day of the
15 sixth month following the end of the calendar year shall
16 forfeit all Manufacturer's Purchase Credit for that calendar
17 year unless it establishes that its failure to file was due to
18 reasonable cause. Manufacturer's Purchase Credit reports may
19 be amended to report and claim credit on qualifying purchases
20 not previously reported at any time before the credit would
21 have expired, unless both the Department and the purchaser have
22 agreed to an extension of the statute of limitations for the
23 issuance of a notice of tax liability as provided in Section 4
24 of the Retailers' Occupation Tax Act. If the time for
25 assessment or refund has been extended, then amended reports
26 for a calendar year may be filed at any time prior to the date

1 to which the statute of limitations for the calendar year or
2 portion thereof has been extended. Manufacturer's Purchase
3 Credit claimed on an amended report may be used to satisfy tax
4 liability under the Use Tax Act or the Service Use Tax Act (i)
5 on qualifying purchases of production related tangible
6 personal property made after the date the amended report is
7 filed or (ii) assessed by the Department on qualifying
8 production related tangible personal property purchased on or
9 after September 1, 2004.

10 If the purchaser is not the manufacturer or a graphic arts
11 producer, but rents or leases the use of the property to a
12 manufacturer or a graphic arts producer, the purchaser may
13 earn, report, and use Manufacturer's Purchase Credit in the
14 same manner as a manufacturer or graphic arts producer. A
15 purchaser shall not be entitled to any Manufacturer's Purchase
16 Credit for a purchase that is required to be reported and is
17 not timely reported as provided in this Section. A purchaser
18 remains liable for (i) any tax that was satisfied by use of a
19 Manufacturer's Purchase Credit, as of the date of purchase, if
20 that use is not timely reported as required in this Section and
21 (ii) for any applicable penalties and interest for failing to
22 pay the tax when due.

23 (Source: P.A. 96-116, eff. 7-31-09.)

24 (35 ILCS 110/9) (from Ch. 120, par. 439.39)

25 Sec. 9. Each serviceman required or authorized to collect

1 the tax herein imposed shall pay to the Department the amount
2 of such tax (except as otherwise provided) at the time when he
3 is required to file his return for the period during which such
4 tax was collected, less a discount of 2.1% prior to January 1,
5 1990 and 1.75% on and after January 1, 1990, or \$5 per calendar
6 year, whichever is greater, which is allowed to reimburse the
7 serviceman for expenses incurred in collecting the tax, keeping
8 records, preparing and filing returns, remitting the tax and
9 supplying data to the Department on request. The Department may
10 disallow the discount for servicemen whose certificate of
11 registration is revoked at the time the return is filed, but
12 only if the Department's decision to revoke the certificate of
13 registration has become final. A serviceman need not remit that
14 part of any tax collected by him to the extent that he is
15 required to pay and does pay the tax imposed by the Service
16 Occupation Tax Act with respect to his sale of service
17 involving the incidental transfer by him of the same property.

18 Except as provided hereinafter in this Section, on or
19 before the twentieth day of each calendar month, such
20 serviceman shall file a return for the preceding calendar month
21 in accordance with reasonable Rules and Regulations to be
22 promulgated by the Department. Such return shall be filed on a
23 form prescribed by the Department and shall contain such
24 information as the Department may reasonably require.

25 The Department may require returns to be filed on a
26 quarterly basis. If so required, a return for each calendar

1 quarter shall be filed on or before the twentieth day of the
2 calendar month following the end of such calendar quarter. The
3 taxpayer shall also file a return with the Department for each
4 of the first two months of each calendar quarter, on or before
5 the twentieth day of the following calendar month, stating:

6 1. The name of the seller;

7 2. The address of the principal place of business from
8 which he engages in business as a serviceman in this State;

9 3. The total amount of taxable receipts received by him
10 during the preceding calendar month, including receipts
11 from charge and time sales, but less all deductions allowed
12 by law;

13 4. The amount of credit provided in Section 2d of this
14 Act;

15 5. The amount of tax due;

16 5-5. The signature of the taxpayer; and

17 6. Such other reasonable information as the Department
18 may require.

19 If a taxpayer fails to sign a return within 30 days after
20 the proper notice and demand for signature by the Department,
21 the return shall be considered valid and any amount shown to be
22 due on the return shall be deemed assessed.

23 Beginning October 1, 1993, a taxpayer who has an average
24 monthly tax liability of \$150,000 or more shall make all
25 payments required by rules of the Department by electronic
26 funds transfer. Beginning October 1, 1994, a taxpayer who has

1 an average monthly tax liability of \$100,000 or more shall make
2 all payments required by rules of the Department by electronic
3 funds transfer. Beginning October 1, 1995, a taxpayer who has
4 an average monthly tax liability of \$50,000 or more shall make
5 all payments required by rules of the Department by electronic
6 funds transfer. Beginning October 1, 2000, a taxpayer who has
7 an annual tax liability of \$200,000 or more shall make all
8 payments required by rules of the Department by electronic
9 funds transfer. The term "annual tax liability" shall be the
10 sum of the taxpayer's liabilities under this Act, and under all
11 other State and local occupation and use tax laws administered
12 by the Department, for the immediately preceding calendar year.
13 The term "average monthly tax liability" means the sum of the
14 taxpayer's liabilities under this Act, and under all other
15 State and local occupation and use tax laws administered by the
16 Department, for the immediately preceding calendar year
17 divided by 12. Beginning on October 1, 2002, a taxpayer who has
18 a tax liability in the amount set forth in subsection (b) of
19 Section 2505-210 of the Department of Revenue Law shall make
20 all payments required by rules of the Department by electronic
21 funds transfer.

22 Before August 1 of each year beginning in 1993, the
23 Department shall notify all taxpayers required to make payments
24 by electronic funds transfer. All taxpayers required to make
25 payments by electronic funds transfer shall make those payments
26 for a minimum of one year beginning on October 1.

1 Any taxpayer not required to make payments by electronic
2 funds transfer may make payments by electronic funds transfer
3 with the permission of the Department.

4 All taxpayers required to make payment by electronic funds
5 transfer and any taxpayers authorized to voluntarily make
6 payments by electronic funds transfer shall make those payments
7 in the manner authorized by the Department.

8 The Department shall adopt such rules as are necessary to
9 effectuate a program of electronic funds transfer and the
10 requirements of this Section.

11 If the serviceman is otherwise required to file a monthly
12 return and if the serviceman's average monthly tax liability to
13 the Department does not exceed \$200, the Department may
14 authorize his returns to be filed on a quarter annual basis,
15 with the return for January, February and March of a given year
16 being due by April 20 of such year; with the return for April,
17 May and June of a given year being due by July 20 of such year;
18 with the return for July, August and September of a given year
19 being due by October 20 of such year, and with the return for
20 October, November and December of a given year being due by
21 January 20 of the following year.

22 If the serviceman is otherwise required to file a monthly
23 or quarterly return and if the serviceman's average monthly tax
24 liability to the Department does not exceed \$50, the Department
25 may authorize his returns to be filed on an annual basis, with
26 the return for a given year being due by January 20 of the

1 following year.

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

5 Notwithstanding any other provision in this Act concerning
6 the time within which a serviceman may file his return, in the
7 case of any serviceman who ceases to engage in a kind of
8 business which makes him responsible for filing returns under
9 this Act, such serviceman shall file a final return under this
10 Act with the Department not more than 1 month after
11 discontinuing such business.

12 Where a serviceman collects the tax with respect to the
13 selling price of property which he sells and the purchaser
14 thereafter returns such property and the serviceman refunds the
15 selling price thereof to the purchaser, such serviceman shall
16 also refund, to the purchaser, the tax so collected from the
17 purchaser. When filing his return for the period in which he
18 refunds such tax to the purchaser, the serviceman may deduct
19 the amount of the tax so refunded by him to the purchaser from
20 any other Service Use Tax, Service Occupation Tax, retailers'
21 occupation tax or use tax which such serviceman may be required
22 to pay or remit to the Department, as shown by such return,
23 provided that the amount of the tax to be deducted shall
24 previously have been remitted to the Department by such
25 serviceman. If the serviceman shall not previously have
26 remitted the amount of such tax to the Department, he shall be

1 entitled to no deduction hereunder upon refunding such tax to
2 the purchaser.

3 Any serviceman filing a return hereunder shall also include
4 the total tax upon the selling price of tangible personal
5 property purchased for use by him as an incident to a sale of
6 service, and such serviceman shall remit the amount of such tax
7 to the Department when filing such return.

8 If experience indicates such action to be practicable, the
9 Department may prescribe and furnish a combination or joint
10 return which will enable servicemen, who are required to file
11 returns hereunder and also under the Service Occupation Tax
12 Act, to furnish all the return information required by both
13 Acts on the one form.

14 Where the serviceman has more than one business registered
15 with the Department under separate registration hereunder,
16 such serviceman shall not file each return that is due as a
17 single return covering all such registered businesses, but
18 shall file separate returns for each such registered business.

19 Beginning January 1, 1990, each month the Department shall
20 pay into the State and Local Tax Reform Fund, a special fund in
21 the State Treasury, the net revenue realized for the preceding
22 month from the 1% tax on sales of food for human consumption
23 which is to be consumed off the premises where it is sold
24 (other than alcoholic beverages, soft drinks and food which has
25 been prepared for immediate consumption) and prescription and
26 nonprescription medicines, drugs, medical appliances, products

1 classified as Class III medical devices, by the United States
2 Food and Drug Administration that are used for cancer treatment
3 pursuant to a prescription, as well as any accessories and
4 components related to those devices, and insulin, urine testing
5 materials, syringes and needles used by diabetics.

6 From ~~Beginning~~ January 1, 1990, through January 31, 2018,
7 each month the Department shall pay into the State and Local
8 Sales Tax Reform Fund 20% of the net revenue realized for the
9 preceding month from the ~~6.25%~~ general rate on transfers of
10 tangible personal property, other than tangible personal
11 property which is purchased outside Illinois at retail from a
12 retailer and which is titled or registered by an agency of this
13 State's government. Beginning February 1, 2018, each month the
14 Department shall pay into the State and Local Sales Tax Reform
15 Fund 21.74% of the net revenue realized for the preceding month
16 from the general rate on transfers of tangible personal
17 property, other than tangible personal property which is
18 purchased outside Illinois at retail from a retailer and which
19 is titled or registered by an agency of this State's
20 government.

21 Beginning August 1, 2000, each month the Department shall
22 pay into the State and Local Sales Tax Reform Fund 100% of the
23 net revenue realized for the preceding month from the 1.25%
24 rate on the selling price of motor fuel and gasohol.

25 From ~~Beginning~~ October 1, 2009 through January 31, 2018,
26 each month the Department shall pay into the Capital Projects

1 Fund an amount that is equal to an amount estimated by the
2 Department to represent 80% of the net revenue realized for the
3 preceding month from the sale of candy, grooming and hygiene
4 products, and soft drinks that had been taxed at a rate of 1%
5 prior to September 1, 2009 but that are now taxed at the
6 general rate ~~6.25%~~. Beginning on February 1, 2018, each month
7 the Department shall pay into the Capital Projects Fund an
8 amount that is equal to an amount estimated by the Department
9 to represent 86.96% of the net revenue realized for the
10 preceding month from the sale of candy, grooming and hygiene
11 products, and soft drinks that had been taxed at a rate of 1%
12 prior to September 1, 2009 but that are now taxed at the
13 general rate.

14 Beginning July 1, 2013, each month the Department shall pay
15 into the Underground Storage Tank Fund from the proceeds
16 collected under this Act, the Use Tax Act, the Service
17 Occupation Tax Act, and the Retailers' Occupation Tax Act an
18 amount equal to the average monthly deficit in the Underground
19 Storage Tank Fund during the prior year, as certified annually
20 by the Illinois Environmental Protection Agency, but the total
21 payment into the Underground Storage Tank Fund under this Act,
22 the Use Tax Act, the Service Occupation Tax Act, and the
23 Retailers' Occupation Tax Act shall not exceed \$18,000,000 in
24 any State fiscal year. As used in this paragraph, the "average
25 monthly deficit" shall be equal to the difference between the
26 average monthly claims for payment by the fund and the average

1 monthly revenues deposited into the fund, excluding payments
2 made pursuant to this paragraph.

3 Beginning July 1, 2015, of the remainder of the moneys
4 received by the Department under the Use Tax Act, this Act, the
5 Service Occupation Tax Act, and the Retailers' Occupation Tax
6 Act, each month the Department shall deposit \$500,000 into the
7 State Crime Laboratory Fund.

8 Of the remainder of the moneys received by the Department
9 pursuant to this Act, (a) 1.75% thereof shall be paid into the
10 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
11 and after July 1, 1989, 3.8% thereof shall be paid into the
12 Build Illinois Fund; provided, however, that if in any fiscal
13 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
14 may be, of the moneys received by the Department and required
15 to be paid into the Build Illinois Fund pursuant to Section 3
16 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
17 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
18 Service Occupation Tax Act, such Acts being hereinafter called
19 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
20 may be, of moneys being hereinafter called the "Tax Act
21 Amount", and (2) the amount transferred to the Build Illinois
22 Fund from the State and Local Sales Tax Reform Fund shall be
23 less than the Annual Specified Amount (as defined in Section 3
24 of the Retailers' Occupation Tax Act), an amount equal to the
25 difference shall be immediately paid into the Build Illinois
26 Fund from other moneys received by the Department pursuant to

1 the Tax Acts; and further provided, that if on the last
2 business day of any month the sum of (1) the Tax Act Amount
3 required to be deposited into the Build Illinois Bond Account
4 in the Build Illinois Fund during such month and (2) the amount
5 transferred during such month to the Build Illinois Fund from
6 the State and Local Sales Tax Reform Fund shall have been less
7 than 1/12 of the Annual Specified Amount, an amount equal to
8 the difference shall be immediately paid into the Build
9 Illinois Fund from other moneys received by the Department
10 pursuant to the Tax Acts; and, further provided, that in no
11 event shall the payments required under the preceding proviso
12 result in aggregate payments into the Build Illinois Fund
13 pursuant to this clause (b) for any fiscal year in excess of
14 the greater of (i) the Tax Act Amount or (ii) the Annual
15 Specified Amount for such fiscal year; and, further provided,
16 that the amounts payable into the Build Illinois Fund under
17 this clause (b) shall be payable only until such time as the
18 aggregate amount on deposit under each trust indenture securing
19 Bonds issued and outstanding pursuant to the Build Illinois
20 Bond Act is sufficient, taking into account any future
21 investment income, to fully provide, in accordance with such
22 indenture, for the defeasance of or the payment of the
23 principal of, premium, if any, and interest on the Bonds
24 secured by such indenture and on any Bonds expected to be
25 issued thereafter and all fees and costs payable with respect
26 thereto, all as certified by the Director of the Bureau of the

1 Budget (now Governor's Office of Management and Budget). If on
2 the last business day of any month in which Bonds are
3 outstanding pursuant to the Build Illinois Bond Act, the
4 aggregate of the moneys deposited in the Build Illinois Bond
5 Account in the Build Illinois Fund in such month shall be less
6 than the amount required to be transferred in such month from
7 the Build Illinois Bond Account to the Build Illinois Bond
8 Retirement and Interest Fund pursuant to Section 13 of the
9 Build Illinois Bond Act, an amount equal to such deficiency
10 shall be immediately paid from other moneys received by the
11 Department pursuant to the Tax Acts to the Build Illinois Fund;
12 provided, however, that any amounts paid to the Build Illinois
13 Fund in any fiscal year pursuant to this sentence shall be
14 deemed to constitute payments pursuant to clause (b) of the
15 preceding sentence and shall reduce the amount otherwise
16 payable for such fiscal year pursuant to clause (b) of the
17 preceding sentence. The moneys received by the Department
18 pursuant to this Act and required to be deposited into the
19 Build Illinois Fund are subject to the pledge, claim and charge
20 set forth in Section 12 of the Build Illinois Bond Act.

21 Subject to payment of amounts into the Build Illinois Fund
22 as provided in the preceding paragraph or in any amendment
23 thereto hereafter enacted, the following specified monthly
24 installment of the amount requested in the certificate of the
25 Chairman of the Metropolitan Pier and Exposition Authority
26 provided under Section 8.25f of the State Finance Act, but not

1 in excess of the sums designated as "Total Deposit", shall be
2 deposited in the aggregate from collections under Section 9 of
3 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
4 9 of the Service Occupation Tax Act, and Section 3 of the
5 Retailers' Occupation Tax Act into the McCormick Place
6 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
7		
8	1993	\$0
9	1994	53,000,000
10	1995	58,000,000
11	1996	61,000,000
12	1997	64,000,000
13	1998	68,000,000
14	1999	71,000,000
15	2000	75,000,000
16	2001	80,000,000
17	2002	93,000,000
18	2003	99,000,000
19	2004	103,000,000
20	2005	108,000,000
21	2006	113,000,000
22	2007	119,000,000
23	2008	126,000,000
24	2009	132,000,000
25	2010	139,000,000

1	2011	146,000,000
2	2012	153,000,000
3	2013	161,000,000
4	2014	170,000,000
5	2015	179,000,000
6	2016	189,000,000
7	2017	199,000,000
8	2018	210,000,000
9	2019	221,000,000
10	2020	233,000,000
11	2021	246,000,000
12	2022	260,000,000
13	2023	275,000,000
14	2024	275,000,000
15	2025	275,000,000
16	2026	279,000,000
17	2027	292,000,000
18	2028	307,000,000
19	2029	322,000,000
20	2030	338,000,000
21	2031	350,000,000
22	2032	350,000,000

23 and
24 each fiscal year
25 thereafter that bonds
26 are outstanding under

1 Section 13.2 of the
2 Metropolitan Pier and
3 Exposition Authority Act,
4 but not after fiscal year 2060.

5 Beginning July 20, 1993 and in each month of each fiscal
6 year thereafter, one-eighth of the amount requested in the
7 certificate of the Chairman of the Metropolitan Pier and
8 Exposition Authority for that fiscal year, less the amount
9 deposited into the McCormick Place Expansion Project Fund by
10 the State Treasurer in the respective month under subsection
11 (g) of Section 13 of the Metropolitan Pier and Exposition
12 Authority Act, plus cumulative deficiencies in the deposits
13 required under this Section for previous months and years,
14 shall be deposited into the McCormick Place Expansion Project
15 Fund, until the full amount requested for the fiscal year, but
16 not in excess of the amount specified above as "Total Deposit",
17 has been deposited.

18 Subject to payment of amounts into the Build Illinois Fund
19 and the McCormick Place Expansion Project Fund pursuant to the
20 preceding paragraphs or in any amendments thereto hereafter
21 enacted, beginning July 1, 1993 and ending on September 30,
22 2013, the Department shall each month pay into the Illinois Tax
23 Increment Fund 0.27% of 80% of the net revenue realized for the
24 preceding month from the 6.25% general rate on the selling
25 price of tangible personal property.

26 Subject to payment of amounts into the Build Illinois Fund

1 and the McCormick Place Expansion Project Fund pursuant to the
2 preceding paragraphs or in any amendments thereto hereafter
3 enacted, beginning with the receipt of the first report of
4 taxes paid by an eligible business and continuing for a 25-year
5 period, (i) until January 1, 2018, the Department shall each
6 month pay into the Energy Infrastructure Fund 80% of the net
7 revenue realized from the ~~6.25%~~ general rate on the selling
8 price of Illinois-mined coal that was sold to an eligible
9 business, and (ii) beginning on January 1, 2018, the Department
10 shall each month pay into the Energy Infrastructure Fund 86.96%
11 of the net revenue realized from the general rate on the
12 selling price of Illinois-mined coal that was sold to an
13 eligible business. For purposes of this paragraph, the term
14 "eligible business" means a new electric generating facility
15 certified pursuant to Section 605-332 of the Department of
16 Commerce and Economic Opportunity Law of the Civil
17 Administrative Code of Illinois.

18 Subject to payment of amounts into the Build Illinois Fund,
19 the McCormick Place Expansion Project Fund, the Illinois Tax
20 Increment Fund, and the Energy Infrastructure Fund pursuant to
21 the preceding paragraphs or in any amendments to this Section
22 hereafter enacted, beginning on the first day of the first
23 calendar month to occur on or after the effective date of this
24 amendatory Act of the 98th General Assembly, each month, from
25 the collections made under Section 9 of the Use Tax Act,
26 Section 9 of the Service Use Tax Act, Section 9 of the Service

1 Occupation Tax Act, and Section 3 of the Retailers' Occupation
2 Tax Act, the Department shall pay into the Tax Compliance and
3 Administration Fund, to be used, subject to appropriation, to
4 fund additional auditors and compliance personnel at the
5 Department of Revenue, an amount equal to 1/12 of 5% of (i)
6 until January 1, 2018, 80% of the cash receipts collected
7 during the preceding fiscal year by the Audit Bureau of the
8 Department under the Use Tax Act, the Service Use Tax Act, the
9 Service Occupation Tax Act, the Retailers' Occupation Tax Act,
10 and associated local occupation and use taxes administered by
11 the Department, and (ii) on and after January 1, 2018, 86.96%
12 of the cash receipts collected during the preceding fiscal year
13 by the Audit Bureau of the Department under the Use Tax Act,
14 the Service Use Tax Act, the Service Occupation Tax Act, the
15 Retailers' Occupation Tax Act, and associated local occupation
16 and use taxes administered by the Department.

17 Of the remainder of the moneys received by the Department
18 pursuant to this Act, until January 1, 2018, 75%, and beginning
19 January 1, 2018, 72.83% thereof shall be paid into the General
20 Revenue Fund of the State Treasury and, until January 1, 2018,
21 25%, and beginning January 1, 2018, 27.17% shall be reserved in
22 a special account and used only for the transfer to the Common
23 School Fund as part of the monthly transfer from the General
24 Revenue Fund in accordance with Section 8a of the State Finance
25 Act.

26 As soon as possible after the first day of each month, upon

1 certification of the Department of Revenue, the Comptroller
2 shall order transferred and the Treasurer shall transfer from
3 the General Revenue Fund to the Motor Fuel Tax Fund an amount
4 equal to 1.7% of 80% of the net revenue realized under this Act
5 for the second preceding month. Beginning April 1, 2000, this
6 transfer is no longer required and shall not be made.

7 Net revenue realized for a month shall be the revenue
8 collected by the State pursuant to this Act, less the amount
9 paid out during that month as refunds to taxpayers for
10 overpayment of liability.

11 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
12 98-298, eff. 8-9-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14;
13 98-1098, eff. 8-26-14; 99-352, eff. 8-12-15; 99-858, eff.
14 8-19-16.)

15 Section 30. The Service Occupation Tax Act is amended by
16 changing Sections 3-10 and 9 as follows:

17 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

18 Sec. 3-10. Rate of tax. Unless otherwise provided in this
19 Section, until January 1, 2018, the tax imposed by this Act is
20 at the rate of 6.25% of the "selling price", as defined in
21 Section 2 of the Service Use Tax Act, of the tangible personal
22 property. Unless otherwise provided in this Section, beginning
23 on January 1, 2018, the tax imposed by this Act is at the rate
24 of 5.75% of the "selling price", as defined in Section 2 of the

1 Service Use Tax Act, of the tangible personal property.
2 References to the "general rate" mean (i) the 6.25% rate until
3 January 1, 2018 and (ii) the 5.75% rate on and after January 1,
4 2018. For the purpose of computing this tax, in no event shall
5 the "selling price" be less than the cost price to the
6 serviceman of the tangible personal property transferred. The
7 selling price of each item of tangible personal property
8 transferred as an incident of a sale of service may be shown as
9 a distinct and separate item on the serviceman's billing to the
10 service customer. If the selling price is not so shown, the
11 selling price of the tangible personal property is deemed to be
12 50% of the serviceman's entire billing to the service customer.
13 When, however, a serviceman contracts to design, develop, and
14 produce special order machinery or equipment, the tax imposed
15 by this Act shall be based on the serviceman's cost price of
16 the tangible personal property transferred incident to the
17 completion of the contract.

18 Beginning on July 1, 2000 and through December 31, 2000,
19 with respect to motor fuel, as defined in Section 1.1 of the
20 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
21 the Use Tax Act, the tax is imposed at the rate of 1.25%.

22 With respect to gasohol, as defined in the Use Tax Act, the
23 tax imposed by this Act shall apply to (i) 70% of the cost
24 price of property transferred as an incident to the sale of
25 service on or after January 1, 1990, and before July 1, 2003,
26 (ii) 80% of the selling price of property transferred as an

1 incident to the sale of service on or after July 1, 2003 and on
2 or before December 31, 2018, and (iii) 100% of the cost price
3 thereafter. If, at any time, however, the tax under this Act on
4 sales of gasohol, as defined in the Use Tax Act, is imposed at
5 the rate of 1.25%, then the tax imposed by this Act applies to
6 100% of the proceeds of sales of gasohol made during that time.

7 With respect to majority blended ethanol fuel, as defined
8 in the Use Tax Act, the tax imposed by this Act does not apply
9 to the selling price of property transferred as an incident to
10 the sale of service on or after July 1, 2003 and on or before
11 December 31, 2018 but applies to 100% of the selling price
12 thereafter.

13 With respect to biodiesel blends, as defined in the Use Tax
14 Act, with no less than 1% and no more than 10% biodiesel, the
15 tax imposed by this Act applies to (i) 80% of the selling price
16 of property transferred as an incident to the sale of service
17 on or after July 1, 2003 and on or before December 31, 2018 and
18 (ii) 100% of the proceeds of the selling price thereafter. If,
19 at any time, however, the tax under this Act on sales of
20 biodiesel blends, as defined in the Use Tax Act, with no less
21 than 1% and no more than 10% biodiesel is imposed at the rate
22 of 1.25%, then the tax imposed by this Act applies to 100% of
23 the proceeds of sales of biodiesel blends with no less than 1%
24 and no more than 10% biodiesel made during that time.

25 With respect to 100% biodiesel, as defined in the Use Tax
26 Act, and biodiesel blends, as defined in the Use Tax Act, with

1 more than 10% but no more than 99% biodiesel material, the tax
2 imposed by this Act does not apply to the proceeds of the
3 selling price of property transferred as an incident to the
4 sale of service on or after July 1, 2003 and on or before
5 December 31, 2018 but applies to 100% of the selling price
6 thereafter.

7 At the election of any registered serviceman made for each
8 fiscal year, sales of service in which the aggregate annual
9 cost price of tangible personal property transferred as an
10 incident to the sales of service is less than 35%, or 75% in
11 the case of servicemen transferring prescription drugs or
12 servicemen engaged in graphic arts production, of the aggregate
13 annual total gross receipts from all sales of service, the tax
14 imposed by this Act shall be based on the serviceman's cost
15 price of the tangible personal property transferred incident to
16 the sale of those services.

17 The tax shall be imposed at the rate of 1% on food prepared
18 for immediate consumption and transferred incident to a sale of
19 service subject to this Act or the Service Occupation Tax Act
20 by an entity licensed under the Hospital Licensing Act, the
21 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD
22 Act, the Specialized Mental Health Rehabilitation Act of 2013,
23 or the Child Care Act of 1969. The tax shall also be imposed at
24 the rate of 1% on food for human consumption that is to be
25 consumed off the premises where it is sold (other than
26 alcoholic beverages, soft drinks, and food that has been

1 prepared for immediate consumption and is not otherwise
2 included in this paragraph) and prescription and
3 nonprescription medicines, drugs, medical appliances, products
4 classified as Class III medical devices by the United States
5 Food and Drug Administration that are used for cancer treatment
6 pursuant to a prescription, as well as any accessories and
7 components related to those devices, modifications to a motor
8 vehicle for the purpose of rendering it usable by a person with
9 a disability, and insulin, urine testing materials, syringes,
10 and needles used by diabetics, for human use. For the purposes
11 of this Section, until September 1, 2009: the term "soft
12 drinks" means any complete, finished, ready-to-use,
13 non-alcoholic drink, whether carbonated or not, including but
14 not limited to soda water, cola, fruit juice, vegetable juice,
15 carbonated water, and all other preparations commonly known as
16 soft drinks of whatever kind or description that are contained
17 in any closed or sealed can, carton, or container, regardless
18 of size; but "soft drinks" does not include coffee, tea,
19 non-carbonated water, infant formula, milk or milk products as
20 defined in the Grade A Pasteurized Milk and Milk Products Act,
21 or drinks containing 50% or more natural fruit or vegetable
22 juice.

23 Notwithstanding any other provisions of this Act,
24 beginning September 1, 2009, "soft drinks" means non-alcoholic
25 beverages that contain natural or artificial sweeteners. "Soft
26 drinks" do not include beverages that contain milk or milk

1 products, soy, rice or similar milk substitutes, or greater
2 than 50% of vegetable or fruit juice by volume.

3 Until August 1, 2009, and notwithstanding any other
4 provisions of this Act, "food for human consumption that is to
5 be consumed off the premises where it is sold" includes all
6 food sold through a vending machine, except soft drinks and
7 food products that are dispensed hot from a vending machine,
8 regardless of the location of the vending machine. Beginning
9 August 1, 2009, and notwithstanding any other provisions of
10 this Act, "food for human consumption that is to be consumed
11 off the premises where it is sold" includes all food sold
12 through a vending machine, except soft drinks, candy, and food
13 products that are dispensed hot from a vending machine,
14 regardless of the location of the vending machine.

15 Notwithstanding any other provisions of this Act,
16 beginning September 1, 2009, "food for human consumption that
17 is to be consumed off the premises where it is sold" does not
18 include candy. For purposes of this Section, "candy" means a
19 preparation of sugar, honey, or other natural or artificial
20 sweeteners in combination with chocolate, fruits, nuts or other
21 ingredients or flavorings in the form of bars, drops, or
22 pieces. "Candy" does not include any preparation that contains
23 flour or requires refrigeration.

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "nonprescription medicines and
26 drugs" does not include grooming and hygiene products. For

1 purposes of this Section, "grooming and hygiene products"
2 includes, but is not limited to, soaps and cleaning solutions,
3 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
4 lotions and screens, unless those products are available by
5 prescription only, regardless of whether the products meet the
6 definition of "over-the-counter-drugs". For the purposes of
7 this paragraph, "over-the-counter-drug" means a drug for human
8 use that contains a label that identifies the product as a drug
9 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
10 label includes:

11 (A) A "Drug Facts" panel; or

12 (B) A statement of the "active ingredient(s)" with a
13 list of those ingredients contained in the compound,
14 substance or preparation.

15 Beginning on January 1, 2014 (the effective date of Public
16 Act 98-122), "prescription and nonprescription medicines and
17 drugs" includes medical cannabis purchased from a registered
18 dispensing organization under the Compassionate Use of Medical
19 Cannabis Pilot Program Act.

20 (Source: P.A. 98-104, eff. 7-22-13; 98-122, eff. 1-1-14;
21 98-756, eff. 7-16-14; 99-143, eff. 7-27-15; 99-180, eff.
22 7-29-15; 99-642, eff. 7-28-16; 99-858, eff. 8-19-16.)

23 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

24 Sec. 9. Each serviceman required or authorized to collect
25 the tax herein imposed shall pay to the Department the amount

1 of such tax at the time when he is required to file his return
2 for the period during which such tax was collectible, less a
3 discount of 2.1% prior to January 1, 1990, and 1.75% on and
4 after January 1, 1990, or \$5 per calendar year, whichever is
5 greater, which is allowed to reimburse the serviceman for
6 expenses incurred in collecting the tax, keeping records,
7 preparing and filing returns, remitting the tax and supplying
8 data to the Department on request. The Department may disallow
9 the discount for servicemen whose certificate of registration
10 is revoked at the time the return is filed, but only if the
11 Department's decision to revoke the certificate of
12 registration has become final.

13 Where such tangible personal property is sold under a
14 conditional sales contract, or under any other form of sale
15 wherein the payment of the principal sum, or a part thereof, is
16 extended beyond the close of the period for which the return is
17 filed, the serviceman, in collecting the tax may collect, for
18 each tax return period, only the tax applicable to the part of
19 the selling price actually received during such tax return
20 period.

21 Except as provided hereinafter in this Section, on or
22 before the twentieth day of each calendar month, such
23 serviceman shall file a return for the preceding calendar month
24 in accordance with reasonable rules and regulations to be
25 promulgated by the Department of Revenue. Such return shall be
26 filed on a form prescribed by the Department and shall contain

1 such information as the Department may reasonably require.

2 The Department may require returns to be filed on a
3 quarterly basis. If so required, a return for each calendar
4 quarter shall be filed on or before the twentieth day of the
5 calendar month following the end of such calendar quarter. The
6 taxpayer shall also file a return with the Department for each
7 of the first two months of each calendar quarter, on or before
8 the twentieth day of the following calendar month, stating:

9 1. The name of the seller;

10 2. The address of the principal place of business from
11 which he engages in business as a serviceman in this State;

12 3. The total amount of taxable receipts received by him
13 during the preceding calendar month, including receipts
14 from charge and time sales, but less all deductions allowed
15 by law;

16 4. The amount of credit provided in Section 2d of this
17 Act;

18 5. The amount of tax due;

19 5-5. The signature of the taxpayer; and

20 6. Such other reasonable information as the Department
21 may require.

22 If a taxpayer fails to sign a return within 30 days after
23 the proper notice and demand for signature by the Department,
24 the return shall be considered valid and any amount shown to be
25 due on the return shall be deemed assessed.

26 Prior to October 1, 2003, and on and after September 1,

1 2004 a serviceman may accept a Manufacturer's Purchase Credit
2 certification from a purchaser in satisfaction of Service Use
3 Tax as provided in Section 3-70 of the Service Use Tax Act if
4 the purchaser provides the appropriate documentation as
5 required by Section 3-70 of the Service Use Tax Act. A
6 Manufacturer's Purchase Credit certification, accepted prior
7 to October 1, 2003 or on or after September 1, 2004 by a
8 serviceman as provided in Section 3-70 of the Service Use Tax
9 Act, may be used by that serviceman to satisfy Service
10 Occupation Tax liability in the amount claimed in the
11 certification, not to exceed 6.25% of the receipts subject to
12 tax from a qualifying purchase. A Manufacturer's Purchase
13 Credit reported on any original or amended return filed under
14 this Act after October 20, 2003 for reporting periods prior to
15 September 1, 2004 shall be disallowed. Manufacturer's Purchase
16 Credit reported on annual returns due on or after January 1,
17 2005 will be disallowed for periods prior to September 1, 2004.
18 No Manufacturer's Purchase Credit may be used after September
19 30, 2003 through August 31, 2004 to satisfy any tax liability
20 imposed under this Act, including any audit liability.

21 If the serviceman's average monthly tax liability to the
22 Department does not exceed \$200, the Department may authorize
23 his returns to be filed on a quarter annual basis, with the
24 return for January, February and March of a given year being
25 due by April 20 of such year; with the return for April, May
26 and June of a given year being due by July 20 of such year; with

1 the return for July, August and September of a given year being
2 due by October 20 of such year, and with the return for
3 October, November and December of a given year being due by
4 January 20 of the following year.

5 If the serviceman's average monthly tax liability to the
6 Department does not exceed \$50, the Department may authorize
7 his returns to be filed on an annual basis, with the return for
8 a given year being due by January 20 of the following year.

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

12 Notwithstanding any other provision in this Act concerning
13 the time within which a serviceman may file his return, in the
14 case of any serviceman who ceases to engage in a kind of
15 business which makes him responsible for filing returns under
16 this Act, such serviceman shall file a final return under this
17 Act with the Department not more than 1 month after
18 discontinuing such business.

19 Beginning October 1, 1993, a taxpayer who has an average
20 monthly tax liability of \$150,000 or more shall make all
21 payments required by rules of the Department by electronic
22 funds transfer. Beginning October 1, 1994, a taxpayer who has
23 an average monthly tax liability of \$100,000 or more shall make
24 all payments required by rules of the Department by electronic
25 funds transfer. Beginning October 1, 1995, a taxpayer who has
26 an average monthly tax liability of \$50,000 or more shall make

1 all payments required by rules of the Department by electronic
2 funds transfer. Beginning October 1, 2000, a taxpayer who has
3 an annual tax liability of \$200,000 or more shall make all
4 payments required by rules of the Department by electronic
5 funds transfer. The term "annual tax liability" shall be the
6 sum of the taxpayer's liabilities under this Act, and under all
7 other State and local occupation and use tax laws administered
8 by the Department, for the immediately preceding calendar year.
9 The term "average monthly tax liability" means the sum of the
10 taxpayer's liabilities under this Act, and under all other
11 State and local occupation and use tax laws administered by the
12 Department, for the immediately preceding calendar year
13 divided by 12. Beginning on October 1, 2002, a taxpayer who has
14 a tax liability in the amount set forth in subsection (b) of
15 Section 2505-210 of the Department of Revenue Law shall make
16 all payments required by rules of the Department by electronic
17 funds transfer.

18 Before August 1 of each year beginning in 1993, the
19 Department shall notify all taxpayers required to make payments
20 by electronic funds transfer. All taxpayers required to make
21 payments by electronic funds transfer shall make those payments
22 for a minimum of one year beginning on October 1.

23 Any taxpayer not required to make payments by electronic
24 funds transfer may make payments by electronic funds transfer
25 with the permission of the Department.

26 All taxpayers required to make payment by electronic funds

1 transfer and any taxpayers authorized to voluntarily make
2 payments by electronic funds transfer shall make those payments
3 in the manner authorized by the Department.

4 The Department shall adopt such rules as are necessary to
5 effectuate a program of electronic funds transfer and the
6 requirements of this Section.

7 Where a serviceman collects the tax with respect to the
8 selling price of tangible personal property which he sells and
9 the purchaser thereafter returns such tangible personal
10 property and the serviceman refunds the selling price thereof
11 to the purchaser, such serviceman shall also refund, to the
12 purchaser, the tax so collected from the purchaser. When filing
13 his return for the period in which he refunds such tax to the
14 purchaser, the serviceman may deduct the amount of the tax so
15 refunded by him to the purchaser from any other Service
16 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or
17 Use Tax which such serviceman may be required to pay or remit
18 to the Department, as shown by such return, provided that the
19 amount of the tax to be deducted shall previously have been
20 remitted to the Department by such serviceman. If the
21 serviceman shall not previously have remitted the amount of
22 such tax to the Department, he shall be entitled to no
23 deduction hereunder upon refunding such tax to the purchaser.

24 If experience indicates such action to be practicable, the
25 Department may prescribe and furnish a combination or joint
26 return which will enable servicemen, who are required to file

1 returns hereunder and also under the Retailers' Occupation Tax
2 Act, the Use Tax Act or the Service Use Tax Act, to furnish all
3 the return information required by all said Acts on the one
4 form.

5 Where the serviceman has more than one business registered
6 with the Department under separate registrations hereunder,
7 such serviceman shall file separate returns for each registered
8 business.

9 Beginning January 1, 1990, each month the Department shall
10 pay into the Local Government Tax Fund the revenue realized for
11 the preceding month from the 1% tax on sales of food for human
12 consumption which is to be consumed off the premises where it
13 is sold (other than alcoholic beverages, soft drinks and food
14 which has been prepared for immediate consumption) and
15 prescription and nonprescription medicines, drugs, medical
16 appliances, products classified as Class III medical devices by
17 the United States Food and Drug Administration that are used
18 for cancer treatment pursuant to a prescription, as well as any
19 accessories and components related to those devices, and
20 insulin, urine testing materials, syringes and needles used by
21 diabetics.

22 From ~~Beginning~~ January 1, 1990, through January 31, 2018,
23 each month the Department shall pay into the County and Mass
24 Transit District Fund 4% of the revenue realized for the
25 preceding month from the ~~6.25%~~ general rate. Beginning February
26 1, 2018, each month the Department shall pay into the County

1 and Mass Transit District Fund 4.35% of the revenue realized
2 for the preceding month from the general rate.

3 Beginning August 1, 2000, each month the Department shall
4 pay into the County and Mass Transit District Fund 20% of the
5 net revenue realized for the preceding month from the 1.25%
6 rate on the selling price of motor fuel and gasohol.

7 From ~~Beginning~~ January 1, 1990, through January 31, 2018,
8 each month the Department shall pay into the Local Government
9 Tax Fund 16% of the revenue realized for the preceding month
10 from the ~~6.25%~~ general rate on transfers of tangible personal
11 property. Beginning on February 1, 2018, each month the
12 Department shall pay into the Local Government Tax Fund 17.39%
13 of the revenue realized for the preceding month from the
14 general rate on transfers of tangible personal property.

15 Beginning August 1, 2000, each month the Department shall
16 pay into the Local Government Tax Fund 80% of the net revenue
17 realized for the preceding month from the 1.25% rate on the
18 selling price of motor fuel and gasohol.

19 From ~~Beginning~~ October 1, 2009, through January 31, 2018,
20 each month the Department shall pay into the Capital Projects
21 Fund an amount that is equal to an amount estimated by the
22 Department to represent 80% of the net revenue realized for the
23 preceding month from the sale of candy, grooming and hygiene
24 products, and soft drinks that had been taxed at a rate of 1%
25 prior to September 1, 2009 but that are now taxed at the
26 general rate ~~6.25%~~. Beginning on February 1, 2018, each month

1 the Department shall pay into the Capital Projects Fund an
2 amount that is equal to an amount estimated by the Department
3 to represent 86.96% of the net revenue realized for the
4 preceding month from the sale of candy, grooming and hygiene
5 products, and soft drinks that had been taxed at a rate of 1%
6 prior to September 1, 2009 but that are now taxed at the
7 general rate.

8 Beginning July 1, 2013, each month the Department shall pay
9 into the Underground Storage Tank Fund from the proceeds
10 collected under this Act, the Use Tax Act, the Service Use Tax
11 Act, and the Retailers' Occupation Tax Act an amount equal to
12 the average monthly deficit in the Underground Storage Tank
13 Fund during the prior year, as certified annually by the
14 Illinois Environmental Protection Agency, but the total
15 payment into the Underground Storage Tank Fund under this Act,
16 the Use Tax Act, the Service Use Tax Act, and the Retailers'
17 Occupation Tax Act shall not exceed \$18,000,000 in any State
18 fiscal year. As used in this paragraph, the "average monthly
19 deficit" shall be equal to the difference between the average
20 monthly claims for payment by the fund and the average monthly
21 revenues deposited into the fund, excluding payments made
22 pursuant to this paragraph.

23 Beginning July 1, 2015, of the remainder of the moneys
24 received by the Department under the Use Tax Act, the Service
25 Use Tax Act, this Act, and the Retailers' Occupation Tax Act,
26 each month the Department shall deposit \$500,000 into the State

1 Crime Laboratory Fund.

2 Of the remainder of the moneys received by the Department
3 pursuant to this Act, (a) 1.75% thereof shall be paid into the
4 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
5 and after July 1, 1989, 3.8% thereof shall be paid into the
6 Build Illinois Fund; provided, however, that if in any fiscal
7 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
8 may be, of the moneys received by the Department and required
9 to be paid into the Build Illinois Fund pursuant to Section 3
10 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
11 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
12 Service Occupation Tax Act, such Acts being hereinafter called
13 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
14 may be, of moneys being hereinafter called the "Tax Act
15 Amount", and (2) the amount transferred to the Build Illinois
16 Fund from the State and Local Sales Tax Reform Fund shall be
17 less than the Annual Specified Amount (as defined in Section 3
18 of the Retailers' Occupation Tax Act), an amount equal to the
19 difference shall be immediately paid into the Build Illinois
20 Fund from other moneys received by the Department pursuant to
21 the Tax Acts; and further provided, that if on the last
22 business day of any month the sum of (1) the Tax Act Amount
23 required to be deposited into the Build Illinois Account in the
24 Build Illinois Fund during such month and (2) the amount
25 transferred during such month to the Build Illinois Fund from
26 the State and Local Sales Tax Reform Fund shall have been less

1 than 1/12 of the Annual Specified Amount, an amount equal to
2 the difference shall be immediately paid into the Build
3 Illinois Fund from other moneys received by the Department
4 pursuant to the Tax Acts; and, further provided, that in no
5 event shall the payments required under the preceding proviso
6 result in aggregate payments into the Build Illinois Fund
7 pursuant to this clause (b) for any fiscal year in excess of
8 the greater of (i) the Tax Act Amount or (ii) the Annual
9 Specified Amount for such fiscal year; and, further provided,
10 that the amounts payable into the Build Illinois Fund under
11 this clause (b) shall be payable only until such time as the
12 aggregate amount on deposit under each trust indenture securing
13 Bonds issued and outstanding pursuant to the Build Illinois
14 Bond Act is sufficient, taking into account any future
15 investment income, to fully provide, in accordance with such
16 indenture, for the defeasance of or the payment of the
17 principal of, premium, if any, and interest on the Bonds
18 secured by such indenture and on any Bonds expected to be
19 issued thereafter and all fees and costs payable with respect
20 thereto, all as certified by the Director of the Bureau of the
21 Budget (now Governor's Office of Management and Budget). If on
22 the last business day of any month in which Bonds are
23 outstanding pursuant to the Build Illinois Bond Act, the
24 aggregate of the moneys deposited in the Build Illinois Bond
25 Account in the Build Illinois Fund in such month shall be less
26 than the amount required to be transferred in such month from

1 the Build Illinois Bond Account to the Build Illinois Bond
2 Retirement and Interest Fund pursuant to Section 13 of the
3 Build Illinois Bond Act, an amount equal to such deficiency
4 shall be immediately paid from other moneys received by the
5 Department pursuant to the Tax Acts to the Build Illinois Fund;
6 provided, however, that any amounts paid to the Build Illinois
7 Fund in any fiscal year pursuant to this sentence shall be
8 deemed to constitute payments pursuant to clause (b) of the
9 preceding sentence and shall reduce the amount otherwise
10 payable for such fiscal year pursuant to clause (b) of the
11 preceding sentence. The moneys received by the Department
12 pursuant to this Act and required to be deposited into the
13 Build Illinois Fund are subject to the pledge, claim and charge
14 set forth in Section 12 of the Build Illinois Bond Act.

15 Subject to payment of amounts into the Build Illinois Fund
16 as provided in the preceding paragraph or in any amendment
17 thereto hereafter enacted, the following specified monthly
18 installment of the amount requested in the certificate of the
19 Chairman of the Metropolitan Pier and Exposition Authority
20 provided under Section 8.25f of the State Finance Act, but not
21 in excess of the sums designated as "Total Deposit", shall be
22 deposited in the aggregate from collections under Section 9 of
23 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
24 9 of the Service Occupation Tax Act, and Section 3 of the
25 Retailers' Occupation Tax Act into the McCormick Place
26 Expansion Project Fund in the specified fiscal years.

		Total
	Fiscal Year	Deposit
1		
2	1993	\$0
3	1994	53,000,000
4	1995	58,000,000
5	1996	61,000,000
6	1997	64,000,000
7	1998	68,000,000
8	1999	71,000,000
9	2000	75,000,000
10	2001	80,000,000
11	2002	93,000,000
12	2003	99,000,000
13	2004	103,000,000
14	2005	108,000,000
15	2006	113,000,000
16	2007	119,000,000
17	2008	126,000,000
18	2009	132,000,000
19	2010	139,000,000
20	2011	146,000,000
21	2012	153,000,000
22	2013	161,000,000
23	2014	170,000,000
24	2015	179,000,000
25	2016	189,000,000

1	2017	199,000,000
2	2018	210,000,000
3	2019	221,000,000
4	2020	233,000,000
5	2021	246,000,000
6	2022	260,000,000
7	2023	275,000,000
8	2024	275,000,000
9	2025	275,000,000
10	2026	279,000,000
11	2027	292,000,000
12	2028	307,000,000
13	2029	322,000,000
14	2030	338,000,000
15	2031	350,000,000
16	2032	350,000,000

17 and
18 each fiscal year
19 thereafter that bonds
20 are outstanding under
21 Section 13.2 of the
22 Metropolitan Pier and
23 Exposition Authority Act,
24 but not after fiscal year 2060.

25 Beginning July 20, 1993 and in each month of each fiscal
26 year thereafter, one-eighth of the amount requested in the

1 certificate of the Chairman of the Metropolitan Pier and
2 Exposition Authority for that fiscal year, less the amount
3 deposited into the McCormick Place Expansion Project Fund by
4 the State Treasurer in the respective month under subsection
5 (g) of Section 13 of the Metropolitan Pier and Exposition
6 Authority Act, plus cumulative deficiencies in the deposits
7 required under this Section for previous months and years,
8 shall be deposited into the McCormick Place Expansion Project
9 Fund, until the full amount requested for the fiscal year, but
10 not in excess of the amount specified above as "Total Deposit",
11 has been deposited.

12 Subject to payment of amounts into the Build Illinois Fund
13 and the McCormick Place Expansion Project Fund pursuant to the
14 preceding paragraphs or in any amendments thereto hereafter
15 enacted, beginning July 1, 1993 and ending on September 30,
16 2013, the Department shall each month pay into the Illinois Tax
17 Increment Fund 0.27% of 80% of the net revenue realized for the
18 preceding month from the 6.25% general rate on the selling
19 price of tangible personal property.

20 Subject to payment of amounts into the Build Illinois Fund
21 and the McCormick Place Expansion Project Fund pursuant to the
22 preceding paragraphs or in any amendments thereto hereafter
23 enacted, beginning with the receipt of the first report of
24 taxes paid by an eligible business and continuing for a 25-year
25 period, (i) prior to January 1, 2018, the Department shall each
26 month pay into the Energy Infrastructure Fund 80% of the net

1 revenue realized from the ~~6.25%~~ general rate on the selling
2 price of Illinois-mined coal that was sold to an eligible
3 business, and (ii) on and after January 1, 2018, the Department
4 shall each month pay into the Energy Infrastructure Fund 86.96%
5 of the net revenue realized from the general rate on the
6 selling price of Illinois-mined coal that was sold to an
7 eligible business. For purposes of this paragraph, the term
8 "eligible business" means a new electric generating facility
9 certified pursuant to Section 605-332 of the Department of
10 Commerce and Economic Opportunity Law of the Civil
11 Administrative Code of Illinois.

12 Subject to payment of amounts into the Build Illinois Fund,
13 the McCormick Place Expansion Project Fund, the Illinois Tax
14 Increment Fund, and the Energy Infrastructure Fund pursuant to
15 the preceding paragraphs or in any amendments to this Section
16 hereafter enacted, beginning on the first day of the first
17 calendar month to occur on or after the effective date of this
18 amendatory Act of the 98th General Assembly, each month, from
19 the collections made under Section 9 of the Use Tax Act,
20 Section 9 of the Service Use Tax Act, Section 9 of the Service
21 Occupation Tax Act, and Section 3 of the Retailers' Occupation
22 Tax Act, the Department shall pay into the Tax Compliance and
23 Administration Fund, to be used, subject to appropriation, to
24 fund additional auditors and compliance personnel at the
25 Department of Revenue, an amount equal to 1/12 of 5% of (i)
26 until January 1, 2018, 80% of the cash receipts collected

1 during the preceding fiscal year by the Audit Bureau of the
2 Department under the Use Tax Act, the Service Use Tax Act, the
3 Service Occupation Tax Act, the Retailers' Occupation Tax Act,
4 and associated local occupation and use taxes administered by
5 the Department, and (ii) on and after January 1, 2018, 86.96%
6 of the cash receipts collected during the preceding fiscal year
7 by the Audit Bureau of the Department under the Use Tax Act,
8 the Service Use Tax Act, the Service Occupation Tax Act, the
9 Retailers' Occupation Tax Act, and associated local occupation
10 and use taxes administered by the Department.

11 Of the remainder of the moneys received by the Department
12 pursuant to this Act, until January 1, 2018, 75%, and beginning
13 January 1, 2018, 72.83% shall be paid into the General Revenue
14 Fund of the State Treasury and, until January 1, 2018, 25%, and
15 beginning January 1, 2018, 27.17% shall be reserved in a
16 special account and used only for the transfer to the Common
17 School Fund as part of the monthly transfer from the General
18 Revenue Fund in accordance with Section 8a of the State Finance
19 Act.

20 The Department may, upon separate written notice to a
21 taxpayer, require the taxpayer to prepare and file with the
22 Department on a form prescribed by the Department within not
23 less than 60 days after receipt of the notice an annual
24 information return for the tax year specified in the notice.
25 Such annual return to the Department shall include a statement
26 of gross receipts as shown by the taxpayer's last Federal

1 income tax return. If the total receipts of the business as
2 reported in the Federal income tax return do not agree with the
3 gross receipts reported to the Department of Revenue for the
4 same period, the taxpayer shall attach to his annual return a
5 schedule showing a reconciliation of the 2 amounts and the
6 reasons for the difference. The taxpayer's annual return to the
7 Department shall also disclose the cost of goods sold by the
8 taxpayer during the year covered by such return, opening and
9 closing inventories of such goods for such year, cost of goods
10 used from stock or taken from stock and given away by the
11 taxpayer during such year, pay roll information of the
12 taxpayer's business during such year and any additional
13 reasonable information which the Department deems would be
14 helpful in determining the accuracy of the monthly, quarterly
15 or annual returns filed by such taxpayer as hereinbefore
16 provided for in this Section.

17 If the annual information return required by this Section
18 is not filed when and as required, the taxpayer shall be liable
19 as follows:

20 (i) Until January 1, 1994, the taxpayer shall be liable
21 for a penalty equal to 1/6 of 1% of the tax due from such
22 taxpayer under this Act during the period to be covered by
23 the annual return for each month or fraction of a month
24 until such return is filed as required, the penalty to be
25 assessed and collected in the same manner as any other
26 penalty provided for in this Act.

1 (ii) On and after January 1, 1994, the taxpayer shall
2 be liable for a penalty as described in Section 3-4 of the
3 Uniform Penalty and Interest Act.

4 The chief executive officer, proprietor, owner or highest
5 ranking manager shall sign the annual return to certify the
6 accuracy of the information contained therein. Any person who
7 willfully signs the annual return containing false or
8 inaccurate information shall be guilty of perjury and punished
9 accordingly. The annual return form prescribed by the
10 Department shall include a warning that the person signing the
11 return may be liable for perjury.

12 The foregoing portion of this Section concerning the filing
13 of an annual information return shall not apply to a serviceman
14 who is not required to file an income tax return with the
15 United States Government.

16 As soon as possible after the first day of each month, upon
17 certification of the Department of Revenue, the Comptroller
18 shall order transferred and the Treasurer shall transfer from
19 the General Revenue Fund to the Motor Fuel Tax Fund an amount
20 equal to 1.7% of 80% of the net revenue realized under this Act
21 for the second preceding month. Beginning April 1, 2000, this
22 transfer is no longer required and shall not be made.

23 Net revenue realized for a month shall be the revenue
24 collected by the State pursuant to this Act, less the amount
25 paid out during that month as refunds to taxpayers for
26 overpayment of liability.

1 For greater simplicity of administration, it shall be
2 permissible for manufacturers, importers and wholesalers whose
3 products are sold by numerous servicemen in Illinois, and who
4 wish to do so, to assume the responsibility for accounting and
5 paying to the Department all tax accruing under this Act with
6 respect to such sales, if the servicemen who are affected do
7 not make written objection to the Department to this
8 arrangement.

9 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
10 98-298, eff. 8-9-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14;
11 98-1098, eff. 8-26-14; 99-352, eff. 8-12-15; 99-858, eff.
12 8-19-16.)

13 Section 35. The Retailers' Occupation Tax Act is amended by
14 changing Sections 2-5, 2-8, 2-10, 2d, and 3 as follows:

15 (35 ILCS 120/2-5)

16 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
17 sale of the following tangible personal property are exempt
18 from the tax imposed by this Act:

19 (1) Farm chemicals.

20 (2) Farm machinery and equipment, both new and used,
21 including that manufactured on special order, certified by the
22 purchaser to be used primarily for production agriculture or
23 State or federal agricultural programs, including individual
24 replacement parts for the machinery and equipment, including

1 machinery and equipment purchased for lease, and including
2 implements of husbandry defined in Section 1-130 of the
3 Illinois Vehicle Code, farm machinery and agricultural
4 chemical and fertilizer spreaders, and nurse wagons required to
5 be registered under Section 3-809 of the Illinois Vehicle Code,
6 but excluding other motor vehicles required to be registered
7 under the Illinois Vehicle Code. Horticultural polyhouses or
8 hoop houses used for propagating, growing, or overwintering
9 plants shall be considered farm machinery and equipment under
10 this item (2). Agricultural chemical tender tanks and dry boxes
11 shall include units sold separately from a motor vehicle
12 required to be licensed and units sold mounted on a motor
13 vehicle required to be licensed, if the selling price of the
14 tender is separately stated.

15 Farm machinery and equipment shall include precision
16 farming equipment that is installed or purchased to be
17 installed on farm machinery and equipment including, but not
18 limited to, tractors, harvesters, sprayers, planters, seeders,
19 or spreaders. Precision farming equipment includes, but is not
20 limited to, soil testing sensors, computers, monitors,
21 software, global positioning and mapping systems, and other
22 such equipment.

23 Farm machinery and equipment also includes computers,
24 sensors, software, and related equipment used primarily in the
25 computer-assisted operation of production agriculture
26 facilities, equipment, and activities such as, but not limited

1 to, the collection, monitoring, and correlation of animal and
2 crop data for the purpose of formulating animal diets and
3 agricultural chemicals. This item (2) is exempt from the
4 provisions of Section 2-70.

5 (3) Until July 1, 2003, distillation machinery and
6 equipment, sold as a unit or kit, assembled or installed by the
7 retailer, certified by the user to be used only for the
8 production of ethyl alcohol that will be used for consumption
9 as motor fuel or as a component of motor fuel for the personal
10 use of the user, and not subject to sale or resale.

11 (4) Until July 1, 2003 and beginning again September 1,
12 2004 through August 30, 2014, graphic arts machinery and
13 equipment, including repair and replacement parts, both new and
14 used, and including that manufactured on special order or
15 purchased for lease, certified by the purchaser to be used
16 primarily for graphic arts production. Equipment includes
17 chemicals or chemicals acting as catalysts but only if the
18 chemicals or chemicals acting as catalysts effect a direct and
19 immediate change upon a graphic arts product.

20 (5) A motor vehicle that is used for automobile renting, as
21 defined in the Automobile Renting Occupation and Use Tax Act.
22 This paragraph is exempt from the provisions of Section 2-70.

23 (6) Personal property sold by a teacher-sponsored student
24 organization affiliated with an elementary or secondary school
25 located in Illinois.

26 (7) Until July 1, 2003, proceeds of that portion of the

1 selling price of a passenger car the sale of which is subject
2 to the Replacement Vehicle Tax.

3 (8) Personal property sold to an Illinois county fair
4 association for use in conducting, operating, or promoting the
5 county fair.

6 (9) Personal property sold to a not-for-profit arts or
7 cultural organization that establishes, by proof required by
8 the Department by rule, that it has received an exemption under
9 Section 501(c)(3) of the Internal Revenue Code and that is
10 organized and operated primarily for the presentation or
11 support of arts or cultural programming, activities, or
12 services. These organizations include, but are not limited to,
13 music and dramatic arts organizations such as symphony
14 orchestras and theatrical groups, arts and cultural service
15 organizations, local arts councils, visual arts organizations,
16 and media arts organizations. On and after the effective date
17 of this amendatory Act of the 92nd General Assembly, however,
18 an entity otherwise eligible for this exemption shall not make
19 tax-free purchases unless it has an active identification
20 number issued by the Department.

21 (10) Personal property sold by a corporation, society,
22 association, foundation, institution, or organization, other
23 than a limited liability company, that is organized and
24 operated as a not-for-profit service enterprise for the benefit
25 of persons 65 years of age or older if the personal property
26 was not purchased by the enterprise for the purpose of resale

1 by the enterprise.

2 (11) Personal property sold to a governmental body, to a
3 corporation, society, association, foundation, or institution
4 organized and operated exclusively for charitable, religious,
5 or educational purposes, or to a not-for-profit corporation,
6 society, association, foundation, institution, or organization
7 that has no compensated officers or employees and that is
8 organized and operated primarily for the recreation of persons
9 55 years of age or older. A limited liability company may
10 qualify for the exemption under this paragraph only if the
11 limited liability company is organized and operated
12 exclusively for educational purposes. On and after July 1,
13 1987, however, no entity otherwise eligible for this exemption
14 shall make tax-free purchases unless it has an active
15 identification number issued by the Department.

16 (12) Tangible personal property sold to interstate
17 carriers for hire for use as rolling stock moving in interstate
18 commerce or to lessors under leases of one year or longer
19 executed or in effect at the time of purchase by interstate
20 carriers for hire for use as rolling stock moving in interstate
21 commerce and equipment operated by a telecommunications
22 provider, licensed as a common carrier by the Federal
23 Communications Commission, which is permanently installed in
24 or affixed to aircraft moving in interstate commerce.

25 (12-5) On and after July 1, 2003 and through June 30, 2004,
26 motor vehicles of the second division with a gross vehicle

1 weight in excess of 8,000 pounds that are subject to the
2 commercial distribution fee imposed under Section 3-815.1 of
3 the Illinois Vehicle Code. Beginning on July 1, 2004 and
4 through June 30, 2005, the use in this State of motor vehicles
5 of the second division: (i) with a gross vehicle weight rating
6 in excess of 8,000 pounds; (ii) that are subject to the
7 commercial distribution fee imposed under Section 3-815.1 of
8 the Illinois Vehicle Code; and (iii) that are primarily used
9 for commercial purposes. Through June 30, 2005, this exemption
10 applies to repair and replacement parts added after the initial
11 purchase of such a motor vehicle if that motor vehicle is used
12 in a manner that would qualify for the rolling stock exemption
13 otherwise provided for in this Act. For purposes of this
14 paragraph, "used for commercial purposes" means the
15 transportation of persons or property in furtherance of any
16 commercial or industrial enterprise whether for-hire or not.

17 (13) Proceeds from sales to owners, lessors, or shippers of
18 tangible personal property that is utilized by interstate
19 carriers for hire for use as rolling stock moving in interstate
20 commerce and equipment operated by a telecommunications
21 provider, licensed as a common carrier by the Federal
22 Communications Commission, which is permanently installed in
23 or affixed to aircraft moving in interstate commerce.

24 (14) Machinery and equipment that will be used by the
25 purchaser, or a lessee of the purchaser, primarily in the
26 process of manufacturing or assembling tangible personal

1 property for wholesale or retail sale or lease, whether the
2 sale or lease is made directly by the manufacturer or by some
3 other person, whether the materials used in the process are
4 owned by the manufacturer or some other person, or whether the
5 sale or lease is made apart from or as an incident to the
6 seller's engaging in the service occupation of producing
7 machines, tools, dies, jigs, patterns, gauges, or other similar
8 items of no commercial value on special order for a particular
9 purchaser. The exemption provided by this paragraph (14) does
10 not include machinery and equipment used in (i) the generation
11 of electricity for wholesale or retail sale; (ii) the
12 generation or treatment of natural or artificial gas for
13 wholesale or retail sale that is delivered to customers through
14 pipes, pipelines, or mains; or (iii) the treatment of water for
15 wholesale or retail sale that is delivered to customers through
16 pipes, pipelines, or mains. The provisions of Public Act 98-583
17 are declaratory of existing law as to the meaning and scope of
18 this exemption.

19 (15) Proceeds of mandatory service charges separately
20 stated on customers' bills for purchase and consumption of food
21 and beverages, to the extent that the proceeds of the service
22 charge are in fact turned over as tips or as a substitute for
23 tips to the employees who participate directly in preparing,
24 serving, hosting or cleaning up the food or beverage function
25 with respect to which the service charge is imposed.

26 (16) Petroleum products sold to a purchaser if the seller

1 is prohibited by federal law from charging tax to the
2 purchaser.

3 (17) Tangible personal property sold to a common carrier by
4 rail or motor that receives the physical possession of the
5 property in Illinois and that transports the property, or
6 shares with another common carrier in the transportation of the
7 property, out of Illinois on a standard uniform bill of lading
8 showing the seller of the property as the shipper or consignor
9 of the property to a destination outside Illinois, for use
10 outside Illinois.

11 (18) Legal tender, currency, medallions, or gold or silver
12 coinage issued by the State of Illinois, the government of the
13 United States of America, or the government of any foreign
14 country, and bullion.

15 (19) Until July 1 2003, oil field exploration, drilling,
16 and production equipment, including (i) rigs and parts of rigs,
17 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
18 tubular goods, including casing and drill strings, (iii) pumps
19 and pump-jack units, (iv) storage tanks and flow lines, (v) any
20 individual replacement part for oil field exploration,
21 drilling, and production equipment, and (vi) machinery and
22 equipment purchased for lease; but excluding motor vehicles
23 required to be registered under the Illinois Vehicle Code.

24 (20) Photoprocessing machinery and equipment, including
25 repair and replacement parts, both new and used, including that
26 manufactured on special order, certified by the purchaser to be

1 used primarily for photoprocessing, and including
2 photoprocessing machinery and equipment purchased for lease.

3 (21) Coal and aggregate exploration, mining, off-highway
4 hauling, processing, maintenance, and reclamation equipment,
5 including replacement parts and equipment, and including
6 equipment purchased for lease, but excluding motor vehicles
7 required to be registered under the Illinois Vehicle Code. The
8 changes made to this Section by Public Act 97-767 apply on and
9 after July 1, 2003, but no claim for credit or refund is
10 allowed on or after August 16, 2013 (the effective date of
11 Public Act 98-456) for such taxes paid during the period
12 beginning July 1, 2003 and ending on August 16, 2013 (the
13 effective date of Public Act 98-456).

14 (22) Until June 30, 2013, fuel and petroleum products sold
15 to or used by an air carrier, certified by the carrier to be
16 used for consumption, shipment, or storage in the conduct of
17 its business as an air common carrier, for a flight destined
18 for or returning from a location or locations outside the
19 United States without regard to previous or subsequent domestic
20 stopovers.

21 Beginning July 1, 2013, fuel and petroleum products sold to
22 or used by an air carrier, certified by the carrier to be used
23 for consumption, shipment, or storage in the conduct of its
24 business as an air common carrier, for a flight that (i) is
25 engaged in foreign trade or is engaged in trade between the
26 United States and any of its possessions and (ii) transports at

1 least one individual or package for hire from the city of
2 origination to the city of final destination on the same
3 aircraft, without regard to a change in the flight number of
4 that aircraft.

5 (23) A transaction in which the purchase order is received
6 by a florist who is located outside Illinois, but who has a
7 florist located in Illinois deliver the property to the
8 purchaser or the purchaser's donee in Illinois.

9 (24) Fuel consumed or used in the operation of ships,
10 barges, or vessels that are used primarily in or for the
11 transportation of property or the conveyance of persons for
12 hire on rivers bordering on this State if the fuel is delivered
13 by the seller to the purchaser's barge, ship, or vessel while
14 it is afloat upon that bordering river.

15 (25) Except as provided in item (25-5) of this Section, a
16 motor vehicle sold in this State to a nonresident even though
17 the motor vehicle is delivered to the nonresident in this
18 State, if the motor vehicle is not to be titled in this State,
19 and if a drive-away permit is issued to the motor vehicle as
20 provided in Section 3-603 of the Illinois Vehicle Code or if
21 the nonresident purchaser has vehicle registration plates to
22 transfer to the motor vehicle upon returning to his or her home
23 state. The issuance of the drive-away permit or having the
24 out-of-state registration plates to be transferred is prima
25 facie evidence that the motor vehicle will not be titled in
26 this State.

1 (25-5) The exemption under item (25) does not apply if the
2 state in which the motor vehicle will be titled does not allow
3 a reciprocal exemption for a motor vehicle sold and delivered
4 in that state to an Illinois resident but titled in Illinois.
5 The tax collected under this Act on the sale of a motor vehicle
6 in this State to a resident of another state that does not
7 allow a reciprocal exemption shall be imposed at a rate equal
8 to the state's rate of tax on taxable property in the state in
9 which the purchaser is a resident, except that the tax shall
10 not exceed the tax that would otherwise be imposed under this
11 Act. At the time of the sale, the purchaser shall execute a
12 statement, signed under penalty of perjury, of his or her
13 intent to title the vehicle in the state in which the purchaser
14 is a resident within 30 days after the sale and of the fact of
15 the payment to the State of Illinois of tax in an amount
16 equivalent to the state's rate of tax on taxable property in
17 his or her state of residence and shall submit the statement to
18 the appropriate tax collection agency in his or her state of
19 residence. In addition, the retailer must retain a signed copy
20 of the statement in his or her records. Nothing in this item
21 shall be construed to require the removal of the vehicle from
22 this state following the filing of an intent to title the
23 vehicle in the purchaser's state of residence if the purchaser
24 titles the vehicle in his or her state of residence within 30
25 days after the date of sale. The tax collected under this Act
26 in accordance with this item (25-5) shall be proportionately

1 distributed as if the tax were collected at the ~~6.25%~~ general
2 rate imposed under this Act.

3 (25-7) Beginning on July 1, 2007, no tax is imposed under
4 this Act on the sale of an aircraft, as defined in Section 3 of
5 the Illinois Aeronautics Act, if all of the following
6 conditions are met:

7 (1) the aircraft leaves this State within 15 days after
8 the later of either the issuance of the final billing for
9 the sale of the aircraft, or the authorized approval for
10 return to service, completion of the maintenance record
11 entry, and completion of the test flight and ground test
12 for inspection, as required by 14 C.F.R. 91.407;

13 (2) the aircraft is not based or registered in this
14 State after the sale of the aircraft; and

15 (3) the seller retains in his or her books and records
16 and provides to the Department a signed and dated
17 certification from the purchaser, on a form prescribed by
18 the Department, certifying that the requirements of this
19 item (25-7) are met. The certificate must also include the
20 name and address of the purchaser, the address of the
21 location where the aircraft is to be titled or registered,
22 the address of the primary physical location of the
23 aircraft, and other information that the Department may
24 reasonably require.

25 For purposes of this item (25-7):

26 "Based in this State" means hangared, stored, or otherwise

1 used, excluding post-sale customizations as defined in this
2 Section, for 10 or more days in each 12-month period
3 immediately following the date of the sale of the aircraft.

4 "Registered in this State" means an aircraft registered
5 with the Department of Transportation, Aeronautics Division,
6 or titled or registered with the Federal Aviation
7 Administration to an address located in this State.

8 This paragraph (25-7) is exempt from the provisions of
9 Section 2-70.

10 (26) Semen used for artificial insemination of livestock
11 for direct agricultural production.

12 (27) Horses, or interests in horses, registered with and
13 meeting the requirements of any of the Arabian Horse Club
14 Registry of America, Appaloosa Horse Club, American Quarter
15 Horse Association, United States Trotting Association, or
16 Jockey Club, as appropriate, used for purposes of breeding or
17 racing for prizes. This item (27) is exempt from the provisions
18 of Section 2-70, and the exemption provided for under this item
19 (27) applies for all periods beginning May 30, 1995, but no
20 claim for credit or refund is allowed on or after January 1,
21 2008 (the effective date of Public Act 95-88) for such taxes
22 paid during the period beginning May 30, 2000 and ending on
23 January 1, 2008 (the effective date of Public Act 95-88).

24 (28) Computers and communications equipment utilized for
25 any hospital purpose and equipment used in the diagnosis,
26 analysis, or treatment of hospital patients sold to a lessor

1 who leases the equipment, under a lease of one year or longer
2 executed or in effect at the time of the purchase, to a
3 hospital that has been issued an active tax exemption
4 identification number by the Department under Section 1g of
5 this Act.

6 (29) Personal property sold to a lessor who leases the
7 property, under a lease of one year or longer executed or in
8 effect at the time of the purchase, to a governmental body that
9 has been issued an active tax exemption identification number
10 by the Department under Section 1g of this Act.

11 (30) Beginning with taxable years ending on or after
12 December 31, 1995 and ending with taxable years ending on or
13 before December 31, 2004, personal property that is donated for
14 disaster relief to be used in a State or federally declared
15 disaster area in Illinois or bordering Illinois by a
16 manufacturer or retailer that is registered in this State to a
17 corporation, society, association, foundation, or institution
18 that has been issued a sales tax exemption identification
19 number by the Department that assists victims of the disaster
20 who reside within the declared disaster area.

21 (31) Beginning with taxable years ending on or after
22 December 31, 1995 and ending with taxable years ending on or
23 before December 31, 2004, personal property that is used in the
24 performance of infrastructure repairs in this State, including
25 but not limited to municipal roads and streets, access roads,
26 bridges, sidewalks, waste disposal systems, water and sewer

1 line extensions, water distribution and purification
2 facilities, storm water drainage and retention facilities, and
3 sewage treatment facilities, resulting from a State or
4 federally declared disaster in Illinois or bordering Illinois
5 when such repairs are initiated on facilities located in the
6 declared disaster area within 6 months after the disaster.

7 (32) Beginning July 1, 1999, game or game birds sold at a
8 "game breeding and hunting preserve area" as that term is used
9 in the Wildlife Code. This paragraph is exempt from the
10 provisions of Section 2-70.

11 (33) A motor vehicle, as that term is defined in Section
12 1-146 of the Illinois Vehicle Code, that is donated to a
13 corporation, limited liability company, society, association,
14 foundation, or institution that is determined by the Department
15 to be organized and operated exclusively for educational
16 purposes. For purposes of this exemption, "a corporation,
17 limited liability company, society, association, foundation,
18 or institution organized and operated exclusively for
19 educational purposes" means all tax-supported public schools,
20 private schools that offer systematic instruction in useful
21 branches of learning by methods common to public schools and
22 that compare favorably in their scope and intensity with the
23 course of study presented in tax-supported schools, and
24 vocational or technical schools or institutes organized and
25 operated exclusively to provide a course of study of not less
26 than 6 weeks duration and designed to prepare individuals to

1 follow a trade or to pursue a manual, technical, mechanical,
2 industrial, business, or commercial occupation.

3 (34) Beginning January 1, 2000, personal property,
4 including food, purchased through fundraising events for the
5 benefit of a public or private elementary or secondary school,
6 a group of those schools, or one or more school districts if
7 the events are sponsored by an entity recognized by the school
8 district that consists primarily of volunteers and includes
9 parents and teachers of the school children. This paragraph
10 does not apply to fundraising events (i) for the benefit of
11 private home instruction or (ii) for which the fundraising
12 entity purchases the personal property sold at the events from
13 another individual or entity that sold the property for the
14 purpose of resale by the fundraising entity and that profits
15 from the sale to the fundraising entity. This paragraph is
16 exempt from the provisions of Section 2-70.

17 (35) Beginning January 1, 2000 and through December 31,
18 2001, new or used automatic vending machines that prepare and
19 serve hot food and beverages, including coffee, soup, and other
20 items, and replacement parts for these machines. Beginning
21 January 1, 2002 and through June 30, 2003, machines and parts
22 for machines used in commercial, coin-operated amusement and
23 vending business if a use or occupation tax is paid on the
24 gross receipts derived from the use of the commercial,
25 coin-operated amusement and vending machines. This paragraph
26 is exempt from the provisions of Section 2-70.

1 (35-5) Beginning August 23, 2001 and through June 30, 2016,
2 food for human consumption that is to be consumed off the
3 premises where it is sold (other than alcoholic beverages, soft
4 drinks, and food that has been prepared for immediate
5 consumption) and prescription and nonprescription medicines,
6 drugs, medical appliances, and insulin, urine testing
7 materials, syringes, and needles used by diabetics, for human
8 use, when purchased for use by a person receiving medical
9 assistance under Article V of the Illinois Public Aid Code who
10 resides in a licensed long-term care facility, as defined in
11 the Nursing Home Care Act, or a licensed facility as defined in
12 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
13 Mental Health Rehabilitation Act of 2013.

14 (36) Beginning August 2, 2001, computers and
15 communications equipment utilized for any hospital purpose and
16 equipment used in the diagnosis, analysis, or treatment of
17 hospital patients sold to a lessor who leases the equipment,
18 under a lease of one year or longer executed or in effect at
19 the time of the purchase, to a hospital that has been issued an
20 active tax exemption identification number by the Department
21 under Section 1g of this Act. This paragraph is exempt from the
22 provisions of Section 2-70.

23 (37) Beginning August 2, 2001, personal property sold to a
24 lessor who leases the property, under a lease of one year or
25 longer executed or in effect at the time of the purchase, to a
26 governmental body that has been issued an active tax exemption

1 identification number by the Department under Section 1g of
2 this Act. This paragraph is exempt from the provisions of
3 Section 2-70.

4 (38) Beginning on January 1, 2002 and through June 30,
5 2016, tangible personal property purchased from an Illinois
6 retailer by a taxpayer engaged in centralized purchasing
7 activities in Illinois who will, upon receipt of the property
8 in Illinois, temporarily store the property in Illinois (i) for
9 the purpose of subsequently transporting it outside this State
10 for use or consumption thereafter solely outside this State or
11 (ii) for the purpose of being processed, fabricated, or
12 manufactured into, attached to, or incorporated into other
13 tangible personal property to be transported outside this State
14 and thereafter used or consumed solely outside this State. The
15 Director of Revenue shall, pursuant to rules adopted in
16 accordance with the Illinois Administrative Procedure Act,
17 issue a permit to any taxpayer in good standing with the
18 Department who is eligible for the exemption under this
19 paragraph (38). The permit issued under this paragraph (38)
20 shall authorize the holder, to the extent and in the manner
21 specified in the rules adopted under this Act, to purchase
22 tangible personal property from a retailer exempt from the
23 taxes imposed by this Act. Taxpayers shall maintain all
24 necessary books and records to substantiate the use and
25 consumption of all such tangible personal property outside of
26 the State of Illinois.

1 (39) Beginning January 1, 2008, tangible personal property
2 used in the construction or maintenance of a community water
3 supply, as defined under Section 3.145 of the Environmental
4 Protection Act, that is operated by a not-for-profit
5 corporation that holds a valid water supply permit issued under
6 Title IV of the Environmental Protection Act. This paragraph is
7 exempt from the provisions of Section 2-70.

8 (40) Beginning January 1, 2010, materials, parts,
9 equipment, components, and furnishings incorporated into or
10 upon an aircraft as part of the modification, refurbishment,
11 completion, replacement, repair, or maintenance of the
12 aircraft. This exemption includes consumable supplies used in
13 the modification, refurbishment, completion, replacement,
14 repair, and maintenance of aircraft, but excludes any
15 materials, parts, equipment, components, and consumable
16 supplies used in the modification, replacement, repair, and
17 maintenance of aircraft engines or power plants, whether such
18 engines or power plants are installed or uninstalled upon any
19 such aircraft. "Consumable supplies" include, but are not
20 limited to, adhesive, tape, sandpaper, general purpose
21 lubricants, cleaning solution, latex gloves, and protective
22 films. This exemption applies only to the sale of qualifying
23 tangible personal property to persons who modify, refurbish,
24 complete, replace, or maintain an aircraft and who (i) hold an
25 Air Agency Certificate and are empowered to operate an approved
26 repair station by the Federal Aviation Administration, (ii)

1 have a Class IV Rating, and (iii) conduct operations in
2 accordance with Part 145 of the Federal Aviation Regulations.
3 The exemption does not include aircraft operated by a
4 commercial air carrier providing scheduled passenger air
5 service pursuant to authority issued under Part 121 or Part 129
6 of the Federal Aviation Regulations. The changes made to this
7 paragraph (40) by Public Act 98-534 are declarative of existing
8 law.

9 (41) Tangible personal property sold to a
10 public-facilities corporation, as described in Section
11 11-65-10 of the Illinois Municipal Code, for purposes of
12 constructing or furnishing a municipal convention hall, but
13 only if the legal title to the municipal convention hall is
14 transferred to the municipality without any further
15 consideration by or on behalf of the municipality at the time
16 of the completion of the municipal convention hall or upon the
17 retirement or redemption of any bonds or other debt instruments
18 issued by the public-facilities corporation in connection with
19 the development of the municipal convention hall. This
20 exemption includes existing public-facilities corporations as
21 provided in Section 11-65-25 of the Illinois Municipal Code.
22 This paragraph is exempt from the provisions of Section 2-70.

23 (42) Beginning January 1, 2017, menstrual pads, tampons,
24 and menstrual cups.

25 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
26 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.

1 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
2 7-29-15; 99-855, eff. 8-19-16.)

3 (35 ILCS 120/2-8)

4 Sec. 2-8. Sales tax holiday items.

5 (a) The tangible personal property described in this
6 subsection qualifies for the 1.25% reduced rate of tax for the
7 period set forth in Section 2-10 of this Act (hereinafter
8 referred to as the Sales Tax Holiday Period). The reduced rate
9 on these items shall be administered under the provisions of
10 subsection (b) of this Section. The following items are subject
11 to the reduced rate:

12 (1) Clothing items that each have a retail selling
13 price of less than \$100.

14 "Clothing" means, unless otherwise specified in this
15 Section, all human wearing apparel suitable for general
16 use. "Clothing" does not include clothing accessories,
17 protective equipment, or sport or recreational equipment.
18 "Clothing" includes, but is not limited to: household and
19 shop aprons; athletic supporters; bathing suits and caps;
20 belts and suspenders; boots; coats and jackets; ear muffs;
21 footlets; gloves and mittens for general use; hats and
22 caps; hosiery; insoles for shoes; lab coats; neckties;
23 overshoes; pantyhose; rainwear; rubber pants; sandals;
24 scarves; shoes and shoelaces; slippers; sneakers; socks
25 and stockings; steel-toed shoes; underwear; and school

1 uniforms.

2 "Clothing accessories" means, but is not limited to:
3 briefcases; cosmetics; hair notions, including, but not
4 limited to barrettes, hair bows, and hair nets; handbags;
5 handkerchiefs; jewelry; non-prescription sunglasses;
6 umbrellas; wallets; watches; and wigs and hair pieces.

7 "Protective equipment" means, but is not limited to:
8 breathing masks; clean room apparel and equipment; ear and
9 hearing protectors; face shields; hard hats; helmets;
10 paint or dust respirators; protective gloves; safety
11 glasses and goggles; safety belts; tool belts; and welder's
12 gloves and masks.

13 "Sport or recreational equipment" means, but is not
14 limited to: ballet and tap shoes; cleated or spiked
15 athletic shoes; gloves, including, but not limited to,
16 baseball, bowling, boxing, hockey, and golf gloves;
17 goggles; hand and elbow guards; life preservers and vests;
18 mouth guards; roller and ice skates; shin guards; shoulder
19 pads; ski boots; waders; and wetsuits and fins.

20 (2) School supplies. "School supplies" means, unless
21 otherwise specified in this Section, items used by a
22 student in a course of study. The purchase of school
23 supplies for use by persons other than students for use in
24 a course of study are not eligible for the reduced rate of
25 tax. "School supplies" do not include school art supplies;
26 school instructional materials; cameras; film and memory

1 cards; videocameras, tapes, and videotapes; computers;
2 cell phones; Personal Digital Assistants (PDAs); handheld
3 electronic schedulers; and school computer supplies.

4 "School supplies" includes, but is not limited to:
5 binders; book bags; calculators; cellophane tape;
6 blackboard chalk; compasses; composition books; crayons;
7 erasers; expandable, pocket, plastic, and manila folders;
8 glue, paste, and paste sticks; highlighters; index cards;
9 index card boxes; legal pads; lunch boxes; markers;
10 notebooks; paper, including loose leaf ruled notebook
11 paper, copy paper, graph paper, tracing paper, manila
12 paper, colored paper, poster board, and construction
13 paper; pencils; pencil leads; pens; ink and ink refills for
14 pens; pencil boxes and other school supply boxes; pencil
15 sharpeners; protractors; rulers; scissors; and writing
16 tablets.

17 "School art supply" means an item commonly used by a
18 student in a course of study for artwork and includes only
19 the following items: clay and glazes; acrylic, tempera, and
20 oil paint; paintbrushes for artwork; sketch and drawing
21 pads; and watercolors.

22 "School instructional material" means written material
23 commonly used by a student in a course of study as a
24 reference and to learn the subject being taught and
25 includes only the following items: reference books;
26 reference maps and globes; textbooks; and workbooks.

1 "School computer supply" means an item commonly used by
2 a student in a course of study in which a computer is used
3 and applies only to the following items: flashdrives and
4 other computer data storage devices; data storage media,
5 such as diskettes and compact disks; boxes and cases for
6 disk storage; external ports or drives; computer cases;
7 computer cables; computer printers; and printer
8 cartridges, toner, and ink.

9 (b) Administration. Notwithstanding any other provision of
10 this Act, the reduced rate of tax under Section 3-10 of this
11 Act for clothing and school supplies shall be administered by
12 the Department under the provisions of this subsection (b).

13 (1) Bundled sales. Items that qualify for the reduced
14 rate of tax that are bundled together with items that do
15 not qualify for the reduced rate of tax and that are sold
16 for one itemized price will be subject to the reduced rate
17 of tax only if the value of the items that qualify for the
18 reduced rate of tax exceeds the value of the items that do
19 not qualify for the reduced rate of tax.

20 (2) Coupons and discounts. An unreimbursed discount by
21 the seller reduces the sales price of the property so that
22 the discounted sales price determines whether the sales
23 price is within a sales tax holiday price threshold. A
24 coupon or other reduction in the sales price is treated as
25 a discount if the seller is not reimbursed for the coupon
26 or reduction amount by a third party.

1 (3) Splitting of items normally sold together.
2 Articles that are normally sold as a single unit must
3 continue to be sold in that manner. Such articles cannot be
4 priced separately and sold as individual items in order to
5 obtain the reduced rate of tax. For example, a pair of
6 shoes cannot have each shoe sold separately so that the
7 sales price of each shoe is within a sales tax holiday
8 price threshold.

9 (4) Rain checks. A rain check is a procedure that
10 allows a customer to purchase an item at a certain price at
11 a later time because the particular item was out of stock.
12 Eligible property that customers purchase during the Sales
13 Tax Holiday Period with the use of a rain check will
14 qualify for the reduced rate of tax regardless of when the
15 rain check was issued. Issuance of a rain check during the
16 Sales Tax Holiday Period will not qualify eligible property
17 for the reduced rate of tax if the property is actually
18 purchased after the Sales Tax Holiday Period.

19 (5) Exchanges. The procedure for an exchange in regards
20 to a sales tax holiday is as follows:

21 (A) If a customer purchases an item of eligible
22 property during the Sales Tax Holiday Period, but later
23 exchanges the item for a similar eligible item, even if
24 a different size, different color, or other feature, no
25 additional tax is due even if the exchange is made
26 after the Sales Tax Holiday Period.

1 (B) If a customer purchases an item of eligible
2 property during the Sales Tax Holiday Period, but after
3 the Sales Tax Holiday Period has ended, the customer
4 returns the item and receives credit on the purchase of
5 a different item, the ~~6.25%~~ general merchandise sales
6 tax rate is due on the sale of the newly purchased
7 item.

8 (C) If a customer purchases an item of eligible
9 property before the Sales Tax Holiday Period, but
10 during the Sales Tax Holiday Period the customer
11 returns the item and receives credit on the purchase of
12 a different item of eligible property, the reduced rate
13 of tax is due on the sale of the new item if the new
14 item is purchased during the Sales Tax Holiday Period.

15 (6) Delivery charges. Delivery charges, including
16 shipping, handling and service charges, are part of the
17 sales price of eligible property.

18 (7) Order date and back orders. For the purpose of a
19 sales tax holiday, eligible property qualifies for the
20 reduced rate of tax if: (i) the item is both delivered to
21 and paid for by the customer during the Sales Tax Holiday
22 Period or (ii) the customer orders and pays for the item
23 and the seller accepts the order during the Sales Tax
24 Holiday Period for immediate shipment, even if delivery is
25 made after the Sales Tax Holiday Period. The seller accepts
26 an order when the seller has taken action to fill the order

1 for immediate shipment. Actions to fill an order include
2 placement of an "in date" stamp on an order or assignment
3 of an "order number" to an order within the Sales Tax
4 Holiday Period. An order is for immediate shipment when the
5 customer does not request delayed shipment. An order is for
6 immediate shipment notwithstanding that the shipment may
7 be delayed because of a backlog of orders or because stock
8 is currently unavailable to, or on back order by, the
9 seller.

10 (8) Returns. For a 60-day period immediately after the
11 Sales Tax Holiday Period, if a customer returns an item
12 that would qualify for the reduced rate of tax, credit for
13 or refund of sales tax shall be given only at the reduced
14 rate unless the customer provides a receipt or invoice that
15 shows tax was paid at the ~~6.25%~~ general ~~merchandise~~ rate,
16 or the seller has sufficient documentation to show that tax
17 was paid at the ~~6.25%~~ general ~~merchandise~~ rate on the
18 specific item. This 60-day period is set solely for the
19 purpose of designating a time period during which the
20 customer must provide documentation that shows that the
21 appropriate sales tax rate was paid on returned
22 merchandise. The 60-day period is not intended to change a
23 seller's policy on the time period during which the seller
24 will accept returns.

25 (c) The Department may implement the provisions of this
26 Section through the use of emergency rules, along with

1 permanent rules filed concurrently with such emergency rules,
2 in accordance with the provisions of Section 5-45 of the
3 Illinois Administrative Procedure Act. For purposes of the
4 Illinois Administrative Procedure Act, the adoption of rules to
5 implement the provisions of this Section shall be deemed an
6 emergency and necessary for the public interest, safety, and
7 welfare.

8 (Source: P.A. 96-1012, eff. 7-7-10.)

9 (35 ILCS 120/2-10)

10 Sec. 2-10. Rate of tax. Unless otherwise provided in this
11 Section, until January 1, 2018, the tax imposed by this Act is
12 at the rate of 6.25% of gross receipts from sales of tangible
13 personal property made in the course of business. Unless
14 otherwise provided in this Section, beginning on January 1,
15 2018, the tax imposed by this Act is at the rate of 5.75% of
16 gross receipts from sales of tangible personal property made in
17 the course of business. References to the "general rate" mean
18 (i) the 6.25% rate until January 1, 2018 and (ii) the 5.75%
19 rate on and after January 1, 2018.

20 Beginning on July 1, 2000 and through December 31, 2000,
21 with respect to motor fuel, as defined in Section 1.1 of the
22 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
23 the Use Tax Act, the tax is imposed at the rate of 1.25%.

24 Beginning on August 6, 2010 through August 15, 2010, with
25 respect to sales tax holiday items as defined in Section 2-8 of

1 this Act, the tax is imposed at the rate of 1.25%.

2 Within 14 days after the effective date of this amendatory
3 Act of the 91st General Assembly, each retailer of motor fuel
4 and gasohol shall cause the following notice to be posted in a
5 prominently visible place on each retail dispensing device that
6 is used to dispense motor fuel or gasohol in the State of
7 Illinois: "As of July 1, 2000, the State of Illinois has
8 eliminated the State's share of sales tax on motor fuel and
9 gasohol through December 31, 2000. The price on this pump
10 should reflect the elimination of the tax." The notice shall be
11 printed in bold print on a sign that is no smaller than 4
12 inches by 8 inches. The sign shall be clearly visible to
13 customers. Any retailer who fails to post or maintain a
14 required sign through December 31, 2000 is guilty of a petty
15 offense for which the fine shall be \$500 per day per each
16 retail premises where a violation occurs.

17 With respect to gasohol, as defined in the Use Tax Act, the
18 tax imposed by this Act applies to (i) 70% of the proceeds of
19 sales made on or after January 1, 1990, and before July 1,
20 2003, (ii) 80% of the proceeds of sales made on or after July
21 1, 2003 and on or before December 31, 2018, and (iii) 100% of
22 the proceeds of sales made thereafter. If, at any time,
23 however, the tax under this Act on sales of gasohol, as defined
24 in the Use Tax Act, is imposed at the rate of 1.25%, then the
25 tax imposed by this Act applies to 100% of the proceeds of
26 sales of gasohol made during that time.

1 With respect to majority blended ethanol fuel, as defined
2 in the Use Tax Act, the tax imposed by this Act does not apply
3 to the proceeds of sales made on or after July 1, 2003 and on or
4 before December 31, 2018 but applies to 100% of the proceeds of
5 sales made thereafter.

6 With respect to biodiesel blends, as defined in the Use Tax
7 Act, with no less than 1% and no more than 10% biodiesel, the
8 tax imposed by this Act applies to (i) 80% of the proceeds of
9 sales made on or after July 1, 2003 and on or before December
10 31, 2018 and (ii) 100% of the proceeds of sales made
11 thereafter. If, at any time, however, the tax under this Act on
12 sales of biodiesel blends, as defined in the Use Tax Act, with
13 no less than 1% and no more than 10% biodiesel is imposed at
14 the rate of 1.25%, then the tax imposed by this Act applies to
15 100% of the proceeds of sales of biodiesel blends with no less
16 than 1% and no more than 10% biodiesel made during that time.

17 With respect to 100% biodiesel, as defined in the Use Tax
18 Act, and biodiesel blends, as defined in the Use Tax Act, with
19 more than 10% but no more than 99% biodiesel, the tax imposed
20 by this Act does not apply to the proceeds of sales made on or
21 after July 1, 2003 and on or before December 31, 2018 but
22 applies to 100% of the proceeds of sales made thereafter.

23 With respect to food for human consumption that is to be
24 consumed off the premises where it is sold (other than
25 alcoholic beverages, soft drinks, and food that has been
26 prepared for immediate consumption) and prescription and

1 nonprescription medicines, drugs, medical appliances, products
2 classified as Class III medical devices by the United States
3 Food and Drug Administration that are used for cancer treatment
4 pursuant to a prescription, as well as any accessories and
5 components related to those devices, modifications to a motor
6 vehicle for the purpose of rendering it usable by a person with
7 a disability, and insulin, urine testing materials, syringes,
8 and needles used by diabetics, for human use, the tax is
9 imposed at the rate of 1%. For the purposes of this Section,
10 until September 1, 2009: the term "soft drinks" means any
11 complete, finished, ready-to-use, non-alcoholic drink, whether
12 carbonated or not, including but not limited to soda water,
13 cola, fruit juice, vegetable juice, carbonated water, and all
14 other preparations commonly known as soft drinks of whatever
15 kind or description that are contained in any closed or sealed
16 bottle, can, carton, or container, regardless of size; but
17 "soft drinks" does not include coffee, tea, non-carbonated
18 water, infant formula, milk or milk products as defined in the
19 Grade A Pasteurized Milk and Milk Products Act, or drinks
20 containing 50% or more natural fruit or vegetable juice.

21 Notwithstanding any other provisions of this Act,
22 beginning September 1, 2009, "soft drinks" means non-alcoholic
23 beverages that contain natural or artificial sweeteners. "Soft
24 drinks" do not include beverages that contain milk or milk
25 products, soy, rice or similar milk substitutes, or greater
26 than 50% of vegetable or fruit juice by volume.

1 Until August 1, 2009, and notwithstanding any other
2 provisions of this Act, "food for human consumption that is to
3 be consumed off the premises where it is sold" includes all
4 food sold through a vending machine, except soft drinks and
5 food products that are dispensed hot from a vending machine,
6 regardless of the location of the vending machine. Beginning
7 August 1, 2009, and notwithstanding any other provisions of
8 this Act, "food for human consumption that is to be consumed
9 off the premises where it is sold" includes all food sold
10 through a vending machine, except soft drinks, candy, and food
11 products that are dispensed hot from a vending machine,
12 regardless of the location of the vending machine.

13 Notwithstanding any other provisions of this Act,
14 beginning September 1, 2009, "food for human consumption that
15 is to be consumed off the premises where it is sold" does not
16 include candy. For purposes of this Section, "candy" means a
17 preparation of sugar, honey, or other natural or artificial
18 sweeteners in combination with chocolate, fruits, nuts or other
19 ingredients or flavorings in the form of bars, drops, or
20 pieces. "Candy" does not include any preparation that contains
21 flour or requires refrigeration.

22 Notwithstanding any other provisions of this Act,
23 beginning September 1, 2009, "nonprescription medicines and
24 drugs" does not include grooming and hygiene products. For
25 purposes of this Section, "grooming and hygiene products"
26 includes, but is not limited to, soaps and cleaning solutions,

1 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
2 lotions and screens, unless those products are available by
3 prescription only, regardless of whether the products meet the
4 definition of "over-the-counter-drugs". For the purposes of
5 this paragraph, "over-the-counter-drug" means a drug for human
6 use that contains a label that identifies the product as a drug
7 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
8 label includes:

9 (A) A "Drug Facts" panel; or

10 (B) A statement of the "active ingredient(s)" with a
11 list of those ingredients contained in the compound,
12 substance or preparation.

13 Beginning on the effective date of this amendatory Act of
14 the 98th General Assembly, "prescription and nonprescription
15 medicines and drugs" includes medical cannabis purchased from a
16 registered dispensing organization under the Compassionate Use
17 of Medical Cannabis Pilot Program Act.

18 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;
19 99-858, eff. 8-19-16.)

20 (35 ILCS 120/2d) (from Ch. 120, par. 441d)

21 Sec. 2d. Tax prepayment by motor fuel retailer.

22 (a) Any person engaged in the business of selling motor
23 fuel at retail, as defined in the Motor Fuel Tax Law, and who
24 is not a licensed distributor or supplier, as defined in the
25 Motor Fuel Tax Law, shall prepay to his or her distributor,

1 supplier, or other reseller of motor fuel a portion of the tax
2 imposed by this Act if the distributor, supplier, or other
3 reseller of motor fuel is registered under Section 2a or
4 Section 2c of this Act. The prepayment requirement provided for
5 in this Section does not apply to liquid propane gas.

6 (b) Beginning on July 1, 2000 and through December 31,
7 2000, the Retailers' Occupation Tax paid to the distributor,
8 supplier, or other reseller shall be an amount equal to \$0.01
9 per gallon of the motor fuel, except gasohol as defined in
10 Section 2-10 of this Act which shall be an amount equal to
11 \$0.01 per gallon, purchased from the distributor, supplier, or
12 other reseller.

13 (c) Before July 1, 2000 and then beginning on January 1,
14 2001 and through June 30, 2003, the Retailers' Occupation Tax
15 paid to the distributor, supplier, or other reseller shall be
16 an amount equal to \$0.04 per gallon of the motor fuel, except
17 gasohol as defined in Section 2-10 of this Act which shall be
18 an amount equal to \$0.03 per gallon, purchased from the
19 distributor, supplier, or other reseller.

20 (d) Beginning July 1, 2003 and through December 31, 2010,
21 the Retailers' Occupation Tax paid to the distributor,
22 supplier, or other reseller shall be an amount equal to \$0.06
23 per gallon of the motor fuel, except gasohol as defined in
24 Section 2-10 of this Act which shall be an amount equal to
25 \$0.05 per gallon, purchased from the distributor, supplier, or
26 other reseller.

1 (e) Beginning on January 1, 2011 and thereafter, the
2 Retailers' Occupation Tax paid to the distributor, supplier, or
3 other reseller shall be at the rate established by the
4 Department under this subsection. The rate shall be established
5 by the Department on January 1 and July 1 of each year using
6 the average selling price, as defined in Section 1 of this Act,
7 per gallon of motor fuel sold in the State during the previous
8 6 months and multiplying that amount by 6.25% until January 1,
9 2018 and 5.75% on and after January 1, 2018 to determine the
10 cents per gallon rate. In the case of biodiesel blends, as
11 defined in Section 3-42 of the Use Tax Act, with no less than
12 1% and no more than 10% biodiesel, and in the case of gasohol,
13 as defined in Section 3-40 of the Use Tax Act, the rate shall
14 be 80% of the rate established by the Department under this
15 subsection for motor fuel. The Department shall provide persons
16 subject to this Section notice of the rate established under
17 this subsection at least 20 days prior to each January 1 and
18 July 1. Publication of the established rate on the Department's
19 internet website shall constitute sufficient notice under this
20 Section. The Department may use data derived from independent
21 surveys conducted or accumulated by third parties to determine
22 the average selling price per gallon of motor fuel sold in the
23 State.

24 (f) Any person engaged in the business of selling motor
25 fuel at retail shall be entitled to a credit against tax due
26 under this Act in an amount equal to the tax paid to the

1 distributor, supplier, or other reseller.

2 (g) Every distributor, supplier, or other reseller
3 registered as provided in Section 2a or Section 2c of this Act
4 shall remit the prepaid tax on all motor fuel that is due from
5 any person engaged in the business of selling at retail motor
6 fuel with the returns filed under Section 2f or Section 3 of
7 this Act, but the vendors discount provided in Section 3 shall
8 not apply to the amount of prepaid tax that is remitted. Any
9 distributor or supplier who fails to properly collect and remit
10 the tax shall be liable for the tax. For purposes of this
11 Section, the prepaid tax is due on invoiced gallons sold during
12 a month by the 20th day of the following month.

13 (Source: P.A. 96-1384, eff. 7-29-10.)

14 (35 ILCS 120/3) (from Ch. 120, par. 442)

15 Sec. 3. Except as provided in this Section, on or before
16 the twentieth day of each calendar month, every person engaged
17 in the business of selling tangible personal property at retail
18 in this State during the preceding calendar month shall file a
19 return with the Department, stating:

20 1. The name of the seller;

21 2. His residence address and the address of his
22 principal place of business and the address of the
23 principal place of business (if that is a different
24 address) from which he engages in the business of selling
25 tangible personal property at retail in this State;

1 3. Total amount of receipts received by him during the
2 preceding calendar month or quarter, as the case may be,
3 from sales of tangible personal property, and from services
4 furnished, by him during such preceding calendar month or
5 quarter;

6 4. Total amount received by him during the preceding
7 calendar month or quarter on charge and time sales of
8 tangible personal property, and from services furnished,
9 by him prior to the month or quarter for which the return
10 is filed;

11 5. Deductions allowed by law;

12 6. Gross receipts which were received by him during the
13 preceding calendar month or quarter and upon the basis of
14 which the tax is imposed;

15 7. The amount of credit provided in Section 2d of this
16 Act;

17 8. The amount of tax due;

18 9. The signature of the taxpayer; and

19 10. Such other reasonable information as the
20 Department may require.

21 If a taxpayer fails to sign a return within 30 days after
22 the proper notice and demand for signature by the Department,
23 the return shall be considered valid and any amount shown to be
24 due on the return shall be deemed assessed.

25 Each return shall be accompanied by the statement of
26 prepaid tax issued pursuant to Section 2e for which credit is

1 claimed.

2 Prior to October 1, 2003, and on and after September 1,
3 2004 a retailer may accept a Manufacturer's Purchase Credit
4 certification from a purchaser in satisfaction of Use Tax as
5 provided in Section 3-85 of the Use Tax Act if the purchaser
6 provides the appropriate documentation as required by Section
7 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit
8 certification, accepted by a retailer prior to October 1, 2003
9 and on and after September 1, 2004 as provided in Section 3-85
10 of the Use Tax Act, may be used by that retailer to satisfy
11 Retailers' Occupation Tax liability in the amount claimed in
12 the certification, not to exceed 6.25% of the receipts subject
13 to tax from a qualifying purchase. A Manufacturer's Purchase
14 Credit reported on any original or amended return filed under
15 this Act after October 20, 2003 for reporting periods prior to
16 September 1, 2004 shall be disallowed. Manufacturer's
17 Purchaser Credit reported on annual returns due on or after
18 January 1, 2005 will be disallowed for periods prior to
19 September 1, 2004. No Manufacturer's Purchase Credit may be
20 used after September 30, 2003 through August 31, 2004 to
21 satisfy any tax liability imposed under this Act, including any
22 audit liability.

23 The Department may require returns to be filed on a
24 quarterly basis. If so required, a return for each calendar
25 quarter shall be filed on or before the twentieth day of the
26 calendar month following the end of such calendar quarter. The

1 taxpayer shall also file a return with the Department for each
2 of the first two months of each calendar quarter, on or before
3 the twentieth day of the following calendar month, stating:

4 1. The name of the seller;

5 2. The address of the principal place of business from
6 which he engages in the business of selling tangible
7 personal property at retail in this State;

8 3. The total amount of taxable receipts received by him
9 during the preceding calendar month from sales of tangible
10 personal property by him during such preceding calendar
11 month, including receipts from charge and time sales, but
12 less all deductions allowed by law;

13 4. The amount of credit provided in Section 2d of this
14 Act;

15 5. The amount of tax due; and

16 6. Such other reasonable information as the Department
17 may require.

18 Beginning on October 1, 2003, any person who is not a
19 licensed distributor, importing distributor, or manufacturer,
20 as defined in the Liquor Control Act of 1934, but is engaged in
21 the business of selling, at retail, alcoholic liquor shall file
22 a statement with the Department of Revenue, in a format and at
23 a time prescribed by the Department, showing the total amount
24 paid for alcoholic liquor purchased during the preceding month
25 and such other information as is reasonably required by the
26 Department. The Department may adopt rules to require that this

1 statement be filed in an electronic or telephonic format. Such
2 rules may provide for exceptions from the filing requirements
3 of this paragraph. For the purposes of this paragraph, the term
4 "alcoholic liquor" shall have the meaning prescribed in the
5 Liquor Control Act of 1934.

6 Beginning on October 1, 2003, every distributor, importing
7 distributor, and manufacturer of alcoholic liquor as defined in
8 the Liquor Control Act of 1934, shall file a statement with the
9 Department of Revenue, no later than the 10th day of the month
10 for the preceding month during which transactions occurred, by
11 electronic means, showing the total amount of gross receipts
12 from the sale of alcoholic liquor sold or distributed during
13 the preceding month to purchasers; identifying the purchaser to
14 whom it was sold or distributed; the purchaser's tax
15 registration number; and such other information reasonably
16 required by the Department. A distributor, importing
17 distributor, or manufacturer of alcoholic liquor must
18 personally deliver, mail, or provide by electronic means to
19 each retailer listed on the monthly statement a report
20 containing a cumulative total of that distributor's, importing
21 distributor's, or manufacturer's total sales of alcoholic
22 liquor to that retailer no later than the 10th day of the month
23 for the preceding month during which the transaction occurred.
24 The distributor, importing distributor, or manufacturer shall
25 notify the retailer as to the method by which the distributor,
26 importing distributor, or manufacturer will provide the sales

1 information. If the retailer is unable to receive the sales
2 information by electronic means, the distributor, importing
3 distributor, or manufacturer shall furnish the sales
4 information by personal delivery or by mail. For purposes of
5 this paragraph, the term "electronic means" includes, but is
6 not limited to, the use of a secure Internet website, e-mail,
7 or facsimile.

8 If a total amount of less than \$1 is payable, refundable or
9 creditable, such amount shall be disregarded if it is less than
10 50 cents and shall be increased to \$1 if it is 50 cents or more.

11 Beginning October 1, 1993, a taxpayer who has an average
12 monthly tax liability of \$150,000 or more shall make all
13 payments required by rules of the Department by electronic
14 funds transfer. Beginning October 1, 1994, a taxpayer who has
15 an average monthly tax liability of \$100,000 or more shall make
16 all payments required by rules of the Department by electronic
17 funds transfer. Beginning October 1, 1995, a taxpayer who has
18 an average monthly tax liability of \$50,000 or more shall make
19 all payments required by rules of the Department by electronic
20 funds transfer. Beginning October 1, 2000, a taxpayer who has
21 an annual tax liability of \$200,000 or more shall make all
22 payments required by rules of the Department by electronic
23 funds transfer. The term "annual tax liability" shall be the
24 sum of the taxpayer's liabilities under this Act, and under all
25 other State and local occupation and use tax laws administered
26 by the Department, for the immediately preceding calendar year.

1 The term "average monthly tax liability" shall be the sum of
2 the taxpayer's liabilities under this Act, and under all other
3 State and local occupation and use tax laws administered by the
4 Department, for the immediately preceding calendar year
5 divided by 12. Beginning on October 1, 2002, a taxpayer who has
6 a tax liability in the amount set forth in subsection (b) of
7 Section 2505-210 of the Department of Revenue Law shall make
8 all payments required by rules of the Department by electronic
9 funds transfer.

10 Before August 1 of each year beginning in 1993, the
11 Department shall notify all taxpayers required to make payments
12 by electronic funds transfer. All taxpayers required to make
13 payments by electronic funds transfer shall make those payments
14 for a minimum of one year beginning on October 1.

15 Any taxpayer not required to make payments by electronic
16 funds transfer may make payments by electronic funds transfer
17 with the permission of the Department.

18 All taxpayers required to make payment by electronic funds
19 transfer and any taxpayers authorized to voluntarily make
20 payments by electronic funds transfer shall make those payments
21 in the manner authorized by the Department.

22 The Department shall adopt such rules as are necessary to
23 effectuate a program of electronic funds transfer and the
24 requirements of this Section.

25 Any amount which is required to be shown or reported on any
26 return or other document under this Act shall, if such amount

1 is not a whole-dollar amount, be increased to the nearest
2 whole-dollar amount in any case where the fractional part of a
3 dollar is 50 cents or more, and decreased to the nearest
4 whole-dollar amount where the fractional part of a dollar is
5 less than 50 cents.

6 If the retailer is otherwise required to file a monthly
7 return and if the retailer's average monthly tax liability to
8 the Department does not exceed \$200, the Department may
9 authorize his returns to be filed on a quarter annual basis,
10 with the return for January, February and March of a given year
11 being due by April 20 of such year; with the return for April,
12 May and June of a given year being due by July 20 of such year;
13 with the return for July, August and September of a given year
14 being due by October 20 of such year, and with the return for
15 October, November and December of a given year being due by
16 January 20 of the following year.

17 If the retailer is otherwise required to file a monthly or
18 quarterly return and if the retailer's average monthly tax
19 liability with the Department does not exceed \$50, the
20 Department may authorize his returns to be filed on an annual
21 basis, with the return for a given year being due by January 20
22 of the following year.

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

26 Notwithstanding any other provision in this Act concerning

1 the time within which a retailer may file his return, in the
2 case of any retailer who ceases to engage in a kind of business
3 which makes him responsible for filing returns under this Act,
4 such retailer shall file a final return under this Act with the
5 Department not more than one month after discontinuing such
6 business.

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

12 In addition, with respect to motor vehicles, watercraft,
13 aircraft, and trailers that are required to be registered with
14 an agency of this State, every retailer selling this kind of
15 tangible personal property shall file, with the Department,
16 upon a form to be prescribed and supplied by the Department, a
17 separate return for each such item of tangible personal
18 property which the retailer sells, except that if, in the same
19 transaction, (i) a retailer of aircraft, watercraft, motor
20 vehicles or trailers transfers more than one aircraft,
21 watercraft, motor vehicle or trailer to another aircraft,
22 watercraft, motor vehicle retailer or trailer retailer for the
23 purpose of resale or (ii) a retailer of aircraft, watercraft,
24 motor vehicles, or trailers transfers more than one aircraft,
25 watercraft, motor vehicle, or trailer to a purchaser for use as
26 a qualifying rolling stock as provided in Section 2-5 of this

1 Act, then that seller may report the transfer of all aircraft,
2 watercraft, motor vehicles or trailers involved in that
3 transaction to the Department on the same uniform
4 invoice-transaction reporting return form. For purposes of
5 this Section, "watercraft" means a Class 2, Class 3, or Class 4
6 watercraft as defined in Section 3-2 of the Boat Registration
7 and Safety Act, a personal watercraft, or any boat equipped
8 with an inboard motor.

9 Any retailer who sells only motor vehicles, watercraft,
10 aircraft, or trailers that are required to be registered with
11 an agency of this State, so that all retailers' occupation tax
12 liability is required to be reported, and is reported, on such
13 transaction reporting returns and who is not otherwise required
14 to file monthly or quarterly returns, need not file monthly or
15 quarterly returns. However, those retailers shall be required
16 to file returns on an annual basis.

17 The transaction reporting return, in the case of motor
18 vehicles or trailers that are required to be registered with an
19 agency of this State, shall be the same document as the Uniform
20 Invoice referred to in Section 5-402 of The Illinois Vehicle
21 Code and must show the name and address of the seller; the name
22 and address of the purchaser; the amount of the selling price
23 including the amount allowed by the retailer for traded-in
24 property, if any; the amount allowed by the retailer for the
25 traded-in tangible personal property, if any, to the extent to
26 which Section 1 of this Act allows an exemption for the value

1 of traded-in property; the balance payable after deducting such
2 trade-in allowance from the total selling price; the amount of
3 tax due from the retailer with respect to such transaction; the
4 amount of tax collected from the purchaser by the retailer on
5 such transaction (or satisfactory evidence that such tax is not
6 due in that particular instance, if that is claimed to be the
7 fact); the place and date of the sale; a sufficient
8 identification of the property sold; such other information as
9 is required in Section 5-402 of The Illinois Vehicle Code, and
10 such other information as the Department may reasonably
11 require.

12 The transaction reporting return in the case of watercraft
13 or aircraft must show the name and address of the seller; the
14 name and address of the purchaser; the amount of the selling
15 price including the amount allowed by the retailer for
16 traded-in property, if any; the amount allowed by the retailer
17 for the traded-in tangible personal property, if any, to the
18 extent to which Section 1 of this Act allows an exemption for
19 the value of traded-in property; the balance payable after
20 deducting such trade-in allowance from the total selling price;
21 the amount of tax due from the retailer with respect to such
22 transaction; the amount of tax collected from the purchaser by
23 the retailer on such transaction (or satisfactory evidence that
24 such tax is not due in that particular instance, if that is
25 claimed to be the fact); the place and date of the sale, a
26 sufficient identification of the property sold, and such other

1 information as the Department may reasonably require.

2 Such transaction reporting return shall be filed not later
3 than 20 days after the day of delivery of the item that is
4 being sold, but may be filed by the retailer at any time sooner
5 than that if he chooses to do so. The transaction reporting
6 return and tax remittance or proof of exemption from the
7 Illinois use tax may be transmitted to the Department by way of
8 the State agency with which, or State officer with whom the
9 tangible personal property must be titled or registered (if
10 titling or registration is required) if the Department and such
11 agency or State officer determine that this procedure will
12 expedite the processing of applications for title or
13 registration.

14 With each such transaction reporting return, the retailer
15 shall remit the proper amount of tax due (or shall submit
16 satisfactory evidence that the sale is not taxable if that is
17 the case), to the Department or its agents, whereupon the
18 Department shall issue, in the purchaser's name, a use tax
19 receipt (or a certificate of exemption if the Department is
20 satisfied that the particular sale is tax exempt) which such
21 purchaser may submit to the agency with which, or State officer
22 with whom, he must title or register the tangible personal
23 property that is involved (if titling or registration is
24 required) in support of such purchaser's application for an
25 Illinois certificate or other evidence of title or registration
26 to such tangible personal property.

1 No retailer's failure or refusal to remit tax under this
2 Act precludes a user, who has paid the proper tax to the
3 retailer, from obtaining his certificate of title or other
4 evidence of title or registration (if titling or registration
5 is required) upon satisfying the Department that such user has
6 paid the proper tax (if tax is due) to the retailer. The
7 Department shall adopt appropriate rules to carry out the
8 mandate of this paragraph.

9 If the user who would otherwise pay tax to the retailer
10 wants the transaction reporting return filed and the payment of
11 the tax or proof of exemption made to the Department before the
12 retailer is willing to take these actions and such user has not
13 paid the tax to the retailer, such user may certify to the fact
14 of such delay by the retailer and may (upon the Department
15 being satisfied of the truth of such certification) transmit
16 the information required by the transaction reporting return
17 and the remittance for tax or proof of exemption directly to
18 the Department and obtain his tax receipt or exemption
19 determination, in which event the transaction reporting return
20 and tax remittance (if a tax payment was required) shall be
21 credited by the Department to the proper retailer's account
22 with the Department, but without the 2.1% or 1.75% discount
23 provided for in this Section being allowed. When the user pays
24 the tax directly to the Department, he shall pay the tax in the
25 same amount and in the same form in which it would be remitted
26 if the tax had been remitted to the Department by the retailer.

1 Refunds made by the seller during the preceding return
2 period to purchasers, on account of tangible personal property
3 returned to the seller, shall be allowed as a deduction under
4 subdivision 5 of his monthly or quarterly return, as the case
5 may be, in case the seller had theretofore included the
6 receipts from the sale of such tangible personal property in a
7 return filed by him and had paid the tax imposed by this Act
8 with respect to such receipts.

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

13 Where the seller is a limited liability company, the return
14 filed on behalf of the limited liability company shall be
15 signed by a manager, member, or properly accredited agent of
16 the limited liability company.

17 Except as provided in this Section, the retailer filing the
18 return under this Section shall, at the time of filing such
19 return, pay to the Department the amount of tax imposed by this
20 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%
21 on and after January 1, 1990, or \$5 per calendar year,
22 whichever is greater, which is allowed to reimburse the
23 retailer for the expenses incurred in keeping records,
24 preparing and filing returns, remitting the tax and supplying
25 data to the Department on request. Any prepayment made pursuant
26 to Section 2d of this Act shall be included in the amount on

1 which such 2.1% or 1.75% discount is computed. In the case of
2 retailers who report and pay the tax on a transaction by
3 transaction basis, as provided in this Section, such discount
4 shall be taken with each such tax remittance instead of when
5 such retailer files his periodic return. The Department may
6 disallow the discount for retailers whose certificate of
7 registration is revoked at the time the return is filed, but
8 only if the Department's decision to revoke the certificate of
9 registration has become final.

10 Before October 1, 2000, if the taxpayer's average monthly
11 tax liability to the Department under this Act, the Use Tax
12 Act, the Service Occupation Tax Act, and the Service Use Tax
13 Act, excluding any liability for prepaid sales tax to be
14 remitted in accordance with Section 2d of this Act, was \$10,000
15 or more during the preceding 4 complete calendar quarters, he
16 shall file a return with the Department each month by the 20th
17 day of the month next following the month during which such tax
18 liability is incurred and shall make payments to the Department
19 on or before the 7th, 15th, 22nd and last day of the month
20 during which such liability is incurred. On and after October
21 1, 2000, if the taxpayer's average monthly tax liability to the
22 Department under this Act, the Use Tax Act, the Service
23 Occupation Tax Act, and the Service Use Tax Act, excluding any
24 liability for prepaid sales tax to be remitted in accordance
25 with Section 2d of this Act, was \$20,000 or more during the
26 preceding 4 complete calendar quarters, he shall file a return

1 with the Department each month by the 20th day of the month
2 next following the month during which such tax liability is
3 incurred and shall make payment to the Department on or before
4 the 7th, 15th, 22nd and last day of the month during which such
5 liability is incurred. If the month during which such tax
6 liability is incurred began prior to January 1, 1985, each
7 payment shall be in an amount equal to 1/4 of the taxpayer's
8 actual liability for the month or an amount set by the
9 Department not to exceed 1/4 of the average monthly liability
10 of the taxpayer to the Department for the preceding 4 complete
11 calendar quarters (excluding the month of highest liability and
12 the month of lowest liability in such 4 quarter period). If the
13 month during which such tax liability is incurred begins on or
14 after January 1, 1985 and prior to January 1, 1987, each
15 payment shall be in an amount equal to 22.5% of the taxpayer's
16 actual liability for the month or 27.5% of the taxpayer's
17 liability for the same calendar month of the preceding year. If
18 the month during which such tax liability is incurred begins on
19 or after January 1, 1987 and prior to January 1, 1988, each
20 payment shall be in an amount equal to 22.5% of the taxpayer's
21 actual liability for the month or 26.25% of the taxpayer's
22 liability for the same calendar month of the preceding year. If
23 the month during which such tax liability is incurred begins on
24 or after January 1, 1988, and prior to January 1, 1989, or
25 begins on or after January 1, 1996, each payment shall be in an
26 amount equal to 22.5% of the taxpayer's actual liability for

1 the month or 25% of the taxpayer's liability for the same
2 calendar month of the preceding year. If the month during which
3 such tax liability is incurred begins on or after January 1,
4 1989, and prior to January 1, 1996, each payment shall be in an
5 amount equal to 22.5% of the taxpayer's actual liability for
6 the month or 25% of the taxpayer's liability for the same
7 calendar month of the preceding year or 100% of the taxpayer's
8 actual liability for the quarter monthly reporting period. The
9 amount of such quarter monthly payments shall be credited
10 against the final tax liability of the taxpayer's return for
11 that month. Before October 1, 2000, once applicable, the
12 requirement of the making of quarter monthly payments to the
13 Department by taxpayers having an average monthly tax liability
14 of \$10,000 or more as determined in the manner provided above
15 shall continue until such taxpayer's average monthly liability
16 to the Department during the preceding 4 complete calendar
17 quarters (excluding the month of highest liability and the
18 month of lowest liability) is less than \$9,000, or until such
19 taxpayer's average monthly liability to the Department as
20 computed for each calendar quarter of the 4 preceding complete
21 calendar quarter period is less than \$10,000. However, if a
22 taxpayer can show the Department that a substantial change in
23 the taxpayer's business has occurred which causes the taxpayer
24 to anticipate that his average monthly tax liability for the
25 reasonably foreseeable future will fall below the \$10,000
26 threshold stated above, then such taxpayer may petition the

1 Department for a change in such taxpayer's reporting status. On
2 and after October 1, 2000, once applicable, the requirement of
3 the making of quarter monthly payments to the Department by
4 taxpayers having an average monthly tax liability of \$20,000 or
5 more as determined in the manner provided above shall continue
6 until such taxpayer's average monthly liability to the
7 Department during the preceding 4 complete calendar quarters
8 (excluding the month of highest liability and the month of
9 lowest liability) is less than \$19,000 or until such taxpayer's
10 average monthly liability to the Department as computed for
11 each calendar quarter of the 4 preceding complete calendar
12 quarter period is less than \$20,000. However, if a taxpayer can
13 show the Department that a substantial change in the taxpayer's
14 business has occurred which causes the taxpayer to anticipate
15 that his average monthly tax liability for the reasonably
16 foreseeable future will fall below the \$20,000 threshold stated
17 above, then such taxpayer may petition the Department for a
18 change in such taxpayer's reporting status. The Department
19 shall change such taxpayer's reporting status unless it finds
20 that such change is seasonal in nature and not likely to be
21 long term. If any such quarter monthly payment is not paid at
22 the time or in the amount required by this Section, then the
23 taxpayer shall be liable for penalties and interest on the
24 difference between the minimum amount due as a payment and the
25 amount of such quarter monthly payment actually and timely
26 paid, except insofar as the taxpayer has previously made

1 payments for that month to the Department in excess of the
2 minimum payments previously due as provided in this Section.
3 The Department shall make reasonable rules and regulations to
4 govern the quarter monthly payment amount and quarter monthly
5 payment dates for taxpayers who file on other than a calendar
6 monthly basis.

7 The provisions of this paragraph apply before October 1,
8 2001. Without regard to whether a taxpayer is required to make
9 quarter monthly payments as specified above, any taxpayer who
10 is required by Section 2d of this Act to collect and remit
11 prepaid taxes and has collected prepaid taxes which average in
12 excess of \$25,000 per month during the preceding 2 complete
13 calendar quarters, shall file a return with the Department as
14 required by Section 2f and shall make payments to the
15 Department on or before the 7th, 15th, 22nd and last day of the
16 month during which such liability is incurred. If the month
17 during which such tax liability is incurred began prior to
18 September 1, 1985 (the effective date of Public Act 84-221)
19 ~~this amendatory Act of 1985~~, each payment shall be in an amount
20 not less than 22.5% of the taxpayer's actual liability under
21 Section 2d. If the month during which such tax liability is
22 incurred begins on or after January 1, 1986, each payment shall
23 be in an amount equal to 22.5% of the taxpayer's actual
24 liability for the month or 27.5% of the taxpayer's liability
25 for the same calendar month of the preceding calendar year. If
26 the month during which such tax liability is incurred begins on

1 or after January 1, 1987, each payment shall be in an amount
2 equal to 22.5% of the taxpayer's actual liability for the month
3 or 26.25% of the taxpayer's liability for the same calendar
4 month of the preceding year. The amount of such quarter monthly
5 payments shall be credited against the final tax liability of
6 the taxpayer's return for that month filed under this Section
7 or Section 2f, as the case may be. Once applicable, the
8 requirement of the making of quarter monthly payments to the
9 Department pursuant to this paragraph shall continue until such
10 taxpayer's average monthly prepaid tax collections during the
11 preceding 2 complete calendar quarters is \$25,000 or less. If
12 any such quarter monthly payment is not paid at the time or in
13 the amount required, the taxpayer shall be liable for penalties
14 and interest on such difference, except insofar as the taxpayer
15 has previously made payments for that month in excess of the
16 minimum payments previously due.

17 The provisions of this paragraph apply on and after October
18 1, 2001. Without regard to whether a taxpayer is required to
19 make quarter monthly payments as specified above, any taxpayer
20 who is required by Section 2d of this Act to collect and remit
21 prepaid taxes and has collected prepaid taxes that average in
22 excess of \$20,000 per month during the preceding 4 complete
23 calendar quarters shall file a return with the Department as
24 required by Section 2f and shall make payments to the
25 Department on or before the 7th, 15th, 22nd and last day of the
26 month during which the liability is incurred. Each payment

1 shall be in an amount equal to 22.5% of the taxpayer's actual
2 liability for the month or 25% of the taxpayer's liability for
3 the same calendar month of the preceding year. The amount of
4 the quarter monthly payments shall be credited against the
5 final tax liability of the taxpayer's return for that month
6 filed under this Section or Section 2f, as the case may be.
7 Once applicable, the requirement of the making of quarter
8 monthly payments to the Department pursuant to this paragraph
9 shall continue until the taxpayer's average monthly prepaid tax
10 collections during the preceding 4 complete calendar quarters
11 (excluding the month of highest liability and the month of
12 lowest liability) is less than \$19,000 or until such taxpayer's
13 average monthly liability to the Department as computed for
14 each calendar quarter of the 4 preceding complete calendar
15 quarters is less than \$20,000. If any such quarter monthly
16 payment is not paid at the time or in the amount required, the
17 taxpayer shall be liable for penalties and interest on such
18 difference, except insofar as the taxpayer has previously made
19 payments for that month in excess of the minimum payments
20 previously due.

21 If any payment provided for in this Section exceeds the
22 taxpayer's liabilities under this Act, the Use Tax Act, the
23 Service Occupation Tax Act and the Service Use Tax Act, as
24 shown on an original monthly return, the Department shall, if
25 requested by the taxpayer, issue to the taxpayer a credit
26 memorandum no later than 30 days after the date of payment. The

1 credit evidenced by such credit memorandum may be assigned by
2 the taxpayer to a similar taxpayer under this Act, the Use Tax
3 Act, the Service Occupation Tax Act or the Service Use Tax Act,
4 in accordance with reasonable rules and regulations to be
5 prescribed by the Department. If no such request is made, the
6 taxpayer may credit such excess payment against tax liability
7 subsequently to be remitted to the Department under this Act,
8 the Use Tax Act, the Service Occupation Tax Act or the Service
9 Use Tax Act, in accordance with reasonable rules and
10 regulations prescribed by the Department. If the Department
11 subsequently determined that all or any part of the credit
12 taken was not actually due to the taxpayer, the taxpayer's 2.1%
13 and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%
14 of the difference between the credit taken and that actually
15 due, and that taxpayer shall be liable for penalties and
16 interest on such difference.

17 If a retailer of motor fuel is entitled to a credit under
18 Section 2d of this Act which exceeds the taxpayer's liability
19 to the Department under this Act for the month which the
20 taxpayer is filing a return, the Department shall issue the
21 taxpayer a credit memorandum for the excess.

22 Beginning January 1, 1990, each month the Department shall
23 pay into the Local Government Tax Fund, a special fund in the
24 State treasury which is hereby created, the net revenue
25 realized for the preceding month from the 1% tax on sales of
26 food for human consumption which is to be consumed off the

1 premises where it is sold (other than alcoholic beverages, soft
2 drinks and food which has been prepared for immediate
3 consumption) and prescription and nonprescription medicines,
4 drugs, medical appliances, products classified as Class III
5 medical devices by the United States Food and Drug
6 Administration that are used for cancer treatment pursuant to a
7 prescription, as well as any accessories and components related
8 to those devices, and insulin, urine testing materials,
9 syringes and needles used by diabetics.

10 From Beginning January 1, 1990, through January 31, 2018,
11 each month the Department shall pay into the County and Mass
12 Transit District Fund, a special fund in the State treasury
13 which is hereby created, 4% of the net revenue realized for the
14 preceding month from the ~~6.25%~~ general rate. Beginning on
15 February 1, 2018, each month the Department shall pay into the
16 County and Mass Transit District Fund 4.35% of the net revenue
17 realized for the preceding month from the general rate.

18 Beginning August 1, 2000, each month the Department shall
19 pay into the County and Mass Transit District Fund 20% of the
20 net revenue realized for the preceding month from the 1.25%
21 rate on the selling price of motor fuel and gasohol. Beginning
22 September 1, 2010, each month the Department shall pay into the
23 County and Mass Transit District Fund 20% of the net revenue
24 realized for the preceding month from the 1.25% rate on the
25 selling price of sales tax holiday items.

26 From Beginning January 1, 1990, through January 31, 2018

1 each month the Department shall pay into the Local Government
2 Tax Fund 16% of the net revenue realized for the preceding
3 month from the 6.25% general rate on the selling price of
4 tangible personal property. Beginning on February 1, 2018, each
5 month the Department shall pay into the Local Government Tax
6 Fund 17.39% of the net revenue realized for the preceding month
7 from the general rate on the selling price of tangible personal
8 property.

9 Beginning August 1, 2000, each month the Department shall
10 pay into the Local Government Tax Fund 80% of the net revenue
11 realized for the preceding month from the 1.25% rate on the
12 selling price of motor fuel and gasohol. Beginning September 1,
13 2010, each month the Department shall pay into the Local
14 Government Tax Fund 80% of the net revenue realized for the
15 preceding month from the 1.25% rate on the selling price of
16 sales tax holiday items.

17 From Beginning October 1, 2009, through January 31, 2018
18 each month the Department shall pay into the Capital Projects
19 Fund an amount that is equal to an amount estimated by the
20 Department to represent 80% of the net revenue realized for the
21 preceding month from the sale of candy, grooming and hygiene
22 products, and soft drinks that had been taxed at a rate of 1%
23 prior to September 1, 2009 but that are now taxed at the
24 general rate ~~6.25%~~. Beginning on February 1, 2018, each month
25 the Department shall pay into the Capital Projects Fund an
26 amount that is equal to an amount estimated by the Department

1 to represent 86.96% of the net revenue realized for the
2 preceding month from the sale of candy, grooming and hygiene
3 products, and soft drinks that had been taxed at a rate of 1%
4 prior to September 1, 2009 but that are now taxed at the
5 general rate.

6 From ~~Beginning~~ July 1, 2011, through January 31, 2018 each
7 month the Department shall pay into the Clean Air Act Permit
8 Fund 80% of the net revenue realized for the preceding month
9 from the ~~6.25%~~ general rate on the selling price of sorbents
10 used in Illinois in the process of sorbent injection as used to
11 comply with the Environmental Protection Act or the federal
12 Clean Air Act, ~~but the total payment into the Clean Air Act~~
13 ~~Permit Fund under this Act and the Use Tax Act shall not exceed~~
14 ~~\$2,000,000 in any fiscal year.~~ Beginning July 1, 2011, each
15 month the Department shall pay into the Clean Air Act (CAA)
16 Permit Fund 86.96% of the net revenue realized for the
17 preceding month from the general rate on the selling price of
18 sorbents used in Illinois in the process of sorbent injection
19 as used to comply with the Environmental Protection Act or the
20 federal Clean Air Act. The total payment into the Clean Air Act
21 (CAA) Permit Fund under this Act and the Use Tax Act shall not
22 exceed \$2,000,000 in any fiscal year.

23 Beginning July 1, 2013, each month the Department shall pay
24 into the Underground Storage Tank Fund from the proceeds
25 collected under this Act, the Use Tax Act, the Service Use Tax
26 Act, and the Service Occupation Tax Act an amount equal to the

1 average monthly deficit in the Underground Storage Tank Fund
2 during the prior year, as certified annually by the Illinois
3 Environmental Protection Agency, but the total payment into the
4 Underground Storage Tank Fund under this Act, the Use Tax Act,
5 the Service Use Tax Act, and the Service Occupation Tax Act
6 shall not exceed \$18,000,000 in any State fiscal year. As used
7 in this paragraph, the "average monthly deficit" shall be equal
8 to the difference between the average monthly claims for
9 payment by the fund and the average monthly revenues deposited
10 into the fund, excluding payments made pursuant to this
11 paragraph.

12 Beginning July 1, 2015, of the remainder of the moneys
13 received by the Department under the Use Tax Act, the Service
14 Use Tax Act, the Service Occupation Tax Act, and this Act, each
15 month the Department shall deposit \$500,000 into the State
16 Crime Laboratory Fund.

17 Of the remainder of the moneys received by the Department
18 pursuant to this Act, (a) 1.75% thereof shall be paid into the
19 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
20 and after July 1, 1989, 3.8% thereof shall be paid into the
21 Build Illinois Fund; provided, however, that if in any fiscal
22 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
23 may be, of the moneys received by the Department and required
24 to be paid into the Build Illinois Fund pursuant to this Act,
25 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax
26 Act, and Section 9 of the Service Occupation Tax Act, such Acts

1 being hereinafter called the "Tax Acts" and such aggregate of
2 2.2% or 3.8%, as the case may be, of moneys being hereinafter
3 called the "Tax Act Amount", and (2) the amount transferred to
4 the Build Illinois Fund from the State and Local Sales Tax
5 Reform Fund shall be less than the Annual Specified Amount (as
6 hereinafter defined), an amount equal to the difference shall
7 be immediately paid into the Build Illinois Fund from other
8 moneys received by the Department pursuant to the Tax Acts; the
9 "Annual Specified Amount" means the amounts specified below for
10 fiscal years 1986 through 1993:

11	Fiscal Year	Annual Specified Amount
12	1986	\$54,800,000
13	1987	\$76,650,000
14	1988	\$80,480,000
15	1989	\$88,510,000
16	1990	\$115,330,000
17	1991	\$145,470,000
18	1992	\$182,730,000
19	1993	\$206,520,000;

20 and means the Certified Annual Debt Service Requirement (as
21 defined in Section 13 of the Build Illinois Bond Act) or the
22 Tax Act Amount, whichever is greater, for fiscal year 1994 and
23 each fiscal year thereafter; and further provided, that if on
24 the last business day of any month the sum of (1) the Tax Act
25 Amount required to be deposited into the Build Illinois Bond
26 Account in the Build Illinois Fund during such month and (2)

1 the amount transferred to the Build Illinois Fund from the
2 State and Local Sales Tax Reform Fund shall have been less than
3 1/12 of the Annual Specified Amount, an amount equal to the
4 difference shall be immediately paid into the Build Illinois
5 Fund from other moneys received by the Department pursuant to
6 the Tax Acts; and, further provided, that in no event shall the
7 payments required under the preceding proviso result in
8 aggregate payments into the Build Illinois Fund pursuant to
9 this clause (b) for any fiscal year in excess of the greater of
10 (i) the Tax Act Amount or (ii) the Annual Specified Amount for
11 such fiscal year. The amounts payable into the Build Illinois
12 Fund under clause (b) of the first sentence in this paragraph
13 shall be payable only until such time as the aggregate amount
14 on deposit under each trust indenture securing Bonds issued and
15 outstanding pursuant to the Build Illinois Bond Act is
16 sufficient, taking into account any future investment income,
17 to fully provide, in accordance with such indenture, for the
18 defeasance of or the payment of the principal of, premium, if
19 any, and interest on the Bonds secured by such indenture and on
20 any Bonds expected to be issued thereafter and all fees and
21 costs payable with respect thereto, all as certified by the
22 Director of the Bureau of the Budget (now Governor's Office of
23 Management and Budget). If on the last business day of any
24 month in which Bonds are outstanding pursuant to the Build
25 Illinois Bond Act, the aggregate of moneys deposited in the
26 Build Illinois Bond Account in the Build Illinois Fund in such

1 month shall be less than the amount required to be transferred
2 in such month from the Build Illinois Bond Account to the Build
3 Illinois Bond Retirement and Interest Fund pursuant to Section
4 13 of the Build Illinois Bond Act, an amount equal to such
5 deficiency shall be immediately paid from other moneys received
6 by the Department pursuant to the Tax Acts to the Build
7 Illinois Fund; provided, however, that any amounts paid to the
8 Build Illinois Fund in any fiscal year pursuant to this
9 sentence shall be deemed to constitute payments pursuant to
10 clause (b) of the first sentence of this paragraph and shall
11 reduce the amount otherwise payable for such fiscal year
12 pursuant to that clause (b). The moneys received by the
13 Department pursuant to this Act and required to be deposited
14 into the Build Illinois Fund are subject to the pledge, claim
15 and charge set forth in Section 12 of the Build Illinois Bond
16 Act.

17 Subject to payment of amounts into the Build Illinois Fund
18 as provided in the preceding paragraph or in any amendment
19 thereto hereafter enacted, the following specified monthly
20 installment of the amount requested in the certificate of the
21 Chairman of the Metropolitan Pier and Exposition Authority
22 provided under Section 8.25f of the State Finance Act, but not
23 in excess of sums designated as "Total Deposit", shall be
24 deposited in the aggregate from collections under Section 9 of
25 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
26 9 of the Service Occupation Tax Act, and Section 3 of the

1 Retailers' Occupation Tax Act into the McCormick Place
2 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
3		
4	1993	\$0
5	1994	53,000,000
6	1995	58,000,000
7	1996	61,000,000
8	1997	64,000,000
9	1998	68,000,000
10	1999	71,000,000
11	2000	75,000,000
12	2001	80,000,000
13	2002	93,000,000
14	2003	99,000,000
15	2004	103,000,000
16	2005	108,000,000
17	2006	113,000,000
18	2007	119,000,000
19	2008	126,000,000
20	2009	132,000,000
21	2010	139,000,000
22	2011	146,000,000
23	2012	153,000,000
24	2013	161,000,000
25	2014	170,000,000

1	2015	179,000,000
2	2016	189,000,000
3	2017	199,000,000
4	2018	210,000,000
5	2019	221,000,000
6	2020	233,000,000
7	2021	246,000,000
8	2022	260,000,000
9	2023	275,000,000
10	2024	275,000,000
11	2025	275,000,000
12	2026	279,000,000
13	2027	292,000,000
14	2028	307,000,000
15	2029	322,000,000
16	2030	338,000,000
17	2031	350,000,000
18	2032	350,000,000

19 and
20 each fiscal year
21 thereafter that bonds
22 are outstanding under
23 Section 13.2 of the
24 Metropolitan Pier and
25 Exposition Authority Act,
26 but not after fiscal year 2060.

1 Beginning July 20, 1993 and in each month of each fiscal
2 year thereafter, one-eighth of the amount requested in the
3 certificate of the Chairman of the Metropolitan Pier and
4 Exposition Authority for that fiscal year, less the amount
5 deposited into the McCormick Place Expansion Project Fund by
6 the State Treasurer in the respective month under subsection
7 (g) of Section 13 of the Metropolitan Pier and Exposition
8 Authority Act, plus cumulative deficiencies in the deposits
9 required under this Section for previous months and years,
10 shall be deposited into the McCormick Place Expansion Project
11 Fund, until the full amount requested for the fiscal year, but
12 not in excess of the amount specified above as "Total Deposit",
13 has been deposited.

14 Subject to payment of amounts into the Build Illinois Fund
15 and the McCormick Place Expansion Project Fund pursuant to the
16 preceding paragraphs or in any amendments thereto hereafter
17 enacted, beginning July 1, 1993 and ending on September 30,
18 2013, the Department shall each month pay into the Illinois Tax
19 Increment Fund 0.27% of 80% of the net revenue realized for the
20 preceding month from the 6.25% general rate on the selling
21 price of tangible personal property.

22 Subject to payment of amounts into the Build Illinois Fund
23 and the McCormick Place Expansion Project Fund pursuant to the
24 preceding paragraphs or in any amendments thereto hereafter
25 enacted, beginning with the receipt of the first report of
26 taxes paid by an eligible business and continuing for a 25-year

1 period, (i) until January 1, 2018, the Department shall each
2 month pay into the Energy Infrastructure Fund 80% of the net
3 revenue realized from the 6.25% general rate on the selling
4 price of Illinois-mined coal that was sold to an eligible
5 business, and (ii) on and after January 1, 2018, the Department
6 shall each month pay into the Energy Infrastructure Fund 86.96%
7 of the net revenue realized from the general rate on the
8 selling price of Illinois-mined coal that was sold to an
9 eligible business. For purposes of this paragraph, the term
10 "eligible business" means a new electric generating facility
11 certified pursuant to Section 605-332 of the Department of
12 Commerce and Economic Opportunity Law of the Civil
13 Administrative Code of Illinois.

14 Subject to payment of amounts into the Build Illinois Fund,
15 the McCormick Place Expansion Project Fund, the Illinois Tax
16 Increment Fund, and the Energy Infrastructure Fund pursuant to
17 the preceding paragraphs or in any amendments to this Section
18 hereafter enacted, beginning on the first day of the first
19 calendar month to occur on or after August 26, 2014 (the
20 effective date of Public Act 98-1098) ~~this amendatory Act of~~
21 ~~the 98th General Assembly,~~ each month, from the collections
22 made under Section 9 of the Use Tax Act, Section 9 of the
23 Service Use Tax Act, Section 9 of the Service Occupation Tax
24 Act, and Section 3 of the Retailers' Occupation Tax Act, the
25 Department shall pay into the Tax Compliance and Administration
26 Fund, to be used, subject to appropriation, to fund additional

1 auditors and compliance personnel at the Department of Revenue,
2 an amount equal to 1/12 of 5% of (i) until January 1, 2018, 80%
3 of the cash receipts collected during the preceding fiscal year
4 by the Audit Bureau of the Department under the Use Tax Act,
5 the Service Use Tax Act, the Service Occupation Tax Act, the
6 Retailers' Occupation Tax Act, and associated local occupation
7 and use taxes administered by the Department, and (ii) on and
8 after January 1, 2018, 86.96% of the cash receipts collected
9 during the preceding fiscal year by the Audit Bureau of the
10 Department under the Use Tax Act, the Service Use Tax Act, the
11 Service Occupation Tax Act, the Retailers' Occupation Tax Act,
12 and associated local occupation and use taxes administered by
13 the Department.

14 Of the remainder of the moneys received by the Department
15 pursuant to this Act, until January 1, 2018, 75%, and on and
16 after January 1, 2018, 72.83% thereof shall be paid into the
17 State Treasury and, until January 1, 2018 25%, and, on and
18 after January 1, 2018, 27.17% shall be reserved in a special
19 account and used only for the transfer to the Common School
20 Fund as part of the monthly transfer from the General Revenue
21 Fund in accordance with Section 8a of the State Finance Act.

22 The Department may, upon separate written notice to a
23 taxpayer, require the taxpayer to prepare and file with the
24 Department on a form prescribed by the Department within not
25 less than 60 days after receipt of the notice an annual
26 information return for the tax year specified in the notice.

1 Such annual return to the Department shall include a statement
2 of gross receipts as shown by the retailer's last Federal
3 income tax return. If the total receipts of the business as
4 reported in the Federal income tax return do not agree with the
5 gross receipts reported to the Department of Revenue for the
6 same period, the retailer shall attach to his annual return a
7 schedule showing a reconciliation of the 2 amounts and the
8 reasons for the difference. The retailer's annual return to the
9 Department shall also disclose the cost of goods sold by the
10 retailer during the year covered by such return, opening and
11 closing inventories of such goods for such year, costs of goods
12 used from stock or taken from stock and given away by the
13 retailer during such year, payroll information of the
14 retailer's business during such year and any additional
15 reasonable information which the Department deems would be
16 helpful in determining the accuracy of the monthly, quarterly
17 or annual returns filed by such retailer as provided for in
18 this Section.

19 If the annual information return required by this Section
20 is not filed when and as required, the taxpayer shall be liable
21 as follows:

22 (i) Until January 1, 1994, the taxpayer shall be liable
23 for a penalty equal to 1/6 of 1% of the tax due from such
24 taxpayer under this Act during the period to be covered by
25 the annual return for each month or fraction of a month
26 until such return is filed as required, the penalty to be

1 assessed and collected in the same manner as any other
2 penalty provided for in this Act.

3 (ii) On and after January 1, 1994, the taxpayer shall
4 be liable for a penalty as described in Section 3-4 of the
5 Uniform Penalty and Interest Act.

6 The chief executive officer, proprietor, owner or highest
7 ranking manager shall sign the annual return to certify the
8 accuracy of the information contained therein. Any person who
9 willfully signs the annual return containing false or
10 inaccurate information shall be guilty of perjury and punished
11 accordingly. The annual return form prescribed by the
12 Department shall include a warning that the person signing the
13 return may be liable for perjury.

14 The provisions of this Section concerning the filing of an
15 annual information return do not apply to a retailer who is not
16 required to file an income tax return with the United States
17 Government.

18 As soon as possible after the first day of each month, upon
19 certification of the Department of Revenue, the Comptroller
20 shall order transferred and the Treasurer shall transfer from
21 the General Revenue Fund to the Motor Fuel Tax Fund an amount
22 equal to 1.7% of 80% of the net revenue realized under this Act
23 for the second preceding month. Beginning April 1, 2000, this
24 transfer is no longer required and shall not be made.

25 Net revenue realized for a month shall be the revenue
26 collected by the State pursuant to this Act, less the amount

1 paid out during that month as refunds to taxpayers for
2 overpayment of liability.

3 For greater simplicity of administration, manufacturers,
4 importers and wholesalers whose products are sold at retail in
5 Illinois by numerous retailers, and who wish to do so, may
6 assume the responsibility for accounting and paying to the
7 Department all tax accruing under this Act with respect to such
8 sales, if the retailers who are affected do not make written
9 objection to the Department to this arrangement.

10 Any person who promotes, organizes, provides retail
11 selling space for concessionaires or other types of sellers at
12 the Illinois State Fair, DuQuoin State Fair, county fairs,
13 local fairs, art shows, flea markets and similar exhibitions or
14 events, including any transient merchant as defined by Section
15 2 of the Transient Merchant Act of 1987, is required to file a
16 report with the Department providing the name of the merchant's
17 business, the name of the person or persons engaged in
18 merchant's business, the permanent address and Illinois
19 Retailers Occupation Tax Registration Number of the merchant,
20 the dates and location of the event and other reasonable
21 information that the Department may require. The report must be
22 filed not later than the 20th day of the month next following
23 the month during which the event with retail sales was held.
24 Any person who fails to file a report required by this Section
25 commits a business offense and is subject to a fine not to
26 exceed \$250.

1 Any person engaged in the business of selling tangible
2 personal property at retail as a concessionaire or other type
3 of seller at the Illinois State Fair, county fairs, art shows,
4 flea markets and similar exhibitions or events, or any
5 transient merchants, as defined by Section 2 of the Transient
6 Merchant Act of 1987, may be required to make a daily report of
7 the amount of such sales to the Department and to make a daily
8 payment of the full amount of tax due. The Department shall
9 impose this requirement when it finds that there is a
10 significant risk of loss of revenue to the State at such an
11 exhibition or event. Such a finding shall be based on evidence
12 that a substantial number of concessionaires or other sellers
13 who are not residents of Illinois will be engaging in the
14 business of selling tangible personal property at retail at the
15 exhibition or event, or other evidence of a significant risk of
16 loss of revenue to the State. The Department shall notify
17 concessionaires and other sellers affected by the imposition of
18 this requirement. In the absence of notification by the
19 Department, the concessionaires and other sellers shall file
20 their returns as otherwise required in this Section.

21 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
22 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
23 8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933,
24 eff. 1-27-17; revised 2-3-17.)

25 Section 40. The Aircraft Use Tax Law is amended by changing

1 Sections 10-15 and 10-40 as follows:

2 (35 ILCS 157/10-15)

3 Sec. 10-15. Tax imposed. A tax is hereby imposed on the
4 privilege of using, in this State, any aircraft as defined in
5 Section 3 of the Illinois Aeronautics Act acquired by gift,
6 transfer, or purchase after June 30, 2003. This tax does not
7 apply (i) if the use of the aircraft is otherwise taxed under
8 the Use Tax Act; (ii) if the aircraft is bought and used by a
9 governmental agency or a society, association, foundation, or
10 institution organized and operated exclusively for charitable,
11 religious, or educational purposes; (iii) if the use of the
12 aircraft is not subject to the Use Tax Act by reason of
13 subsection (a), (b), (c), (d), or (e) of Section 3-55 of that
14 Act dealing with the prevention of actual or likely multistate
15 taxation; or (iv) if the transfer is a gift to a beneficiary in
16 the administration of an estate and the beneficiary is a
17 surviving spouse. Prior to January 1, 2018, the ~~The~~ rate of tax
18 shall be 6.25% of the selling price for each purchase of
19 aircraft that qualifies under this Law. On and after January 1,
20 2018, the rate of tax shall be 5.75% of the selling price for
21 each purchase of aircraft that qualifies under this Law. For
22 purposes of calculating the tax due under this Law when an
23 aircraft is acquired by gift or transfer, the tax shall be
24 imposed on the fair market value of the aircraft on the date
25 the aircraft is acquired or the date the aircraft is brought

1 into the State, whichever is later. Tax shall be imposed on the
2 selling price of an aircraft acquired through purchase.
3 However, the selling price shall not be less than the fair
4 market value of the aircraft on the date the aircraft is
5 purchased or the date the aircraft is brought into the State,
6 whichever is later.

7 (Source: P.A. 93-24, eff. 6-20-03.)

8 (35 ILCS 157/10-40)

9 Sec. 10-40. Payments to Local Government Distributive Fund
10 and General Revenue Fund. The Department of Revenue shall each
11 month, upon collecting any taxes as provided in this Law, pay
12 the money collected from the 1.25% portion of the 6.25% or
13 5.75% rate, as applicable, into the Local Government
14 Distributive Fund, a special fund in the State treasury. The
15 remainder shall be paid into the General Revenue Fund.

16 (Source: P.A. 93-24, eff. 6-20-03.)

17 Section 45. The Watercraft Use Tax Law is amended by
18 changing Section 15-15 as follows:

19 (35 ILCS 158/15-15)

20 Sec. 15-15. Rate of tax. Prior to January 1, 2018, the ~~The~~
21 rate of tax is 6.25% of the purchase price for each purchase of
22 watercraft that is subject to tax under this Law. On and after
23 January 1, 2018, the rate of tax is 5.75% of the purchase price

1 for each purchase of watercraft that is subject to tax under
2 this Law. When an ownership share of a watercraft is acquired,
3 the tax is imposed on the purchase price of that share. All
4 owners are jointly and severally liable for any tax due as a
5 result of the purchase, gift, or transfer of an ownership share
6 of the watercraft.

7 (Source: P.A. 93-840, eff. 7-30-04.)

8 Section 90. The State Finance Act is amended by adding
9 Section 5.878 as follows:

10 (30 ILCS 105/5.878 new)

11 Sec. 5.878. The Education Property Tax Relief Fund.

12 Section 97. Inseverability. The provisions of this Act are
13 mutually dependent and inseverable. If any provision is held
14 invalid other than as applied to a particular person or
15 circumstance, then this entire Act is invalid.

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.

1 INDEX
2 Statutes amended in order of appearance

3 New Act

4 20 ILCS 605/605-332
5 30 ILCS 105/6z-18 from Ch. 127, par. 142z-18
6 30 ILCS 105/6z-20 from Ch. 127, par. 142z-20
7 30 ILCS 105/6z-43
8 30 ILCS 105/6z-51
9 30 ILCS 105/6z-102 new
10 30 ILCS 122/15
11 35 ILCS 5/201 from Ch. 120, par. 2-201
12 35 ILCS 5/901 from Ch. 120, par. 9-901
13 35 ILCS 105/3-6
14 35 ILCS 105/3-10
15 35 ILCS 105/3-55 from Ch. 120, par. 439.3-55
16 35 ILCS 105/3-85
17 35 ILCS 105/9 from Ch. 120, par. 439.9
18 35 ILCS 110/3-10 from Ch. 120, par. 439.33-10
19 35 ILCS 110/3-70
20 35 ILCS 110/9 from Ch. 120, par. 439.39
21 35 ILCS 115/3-10 from Ch. 120, par. 439.103-10
22 35 ILCS 115/9 from Ch. 120, par. 439.109
23 35 ILCS 120/2-5
24 35 ILCS 120/2-8
25 35 ILCS 120/2-10

- 1 35 ILCS 120/2d from Ch. 120, par. 441d
- 2 35 ILCS 120/3 from Ch. 120, par. 442
- 3 35 ILCS 157/10-15
- 4 35 ILCS 157/10-40
- 5 35 ILCS 158/15-15
- 6 30 ILCS 105/5.878 new