

HB0949



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB0949

by Rep. Michael J. Madigan

SYNOPSIS AS INTRODUCED:

65 ILCS 5/8-11-5

from Ch. 24, par. 8-11-5

Amends the Home Rule Municipal Service Occupation Tax Act in the Illinois Municipal Code. Makes a technical change in a Section authorizing the imposition of the tax.

LRB101 03329 AWJ 48337 b

A BILL FOR

1 AN ACT concerning local government.

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

4 Section 5. The Illinois Municipal Code is amended by
5 changing Section 8-11-5 as follows:

6 (65 ILCS 5/8-11-5) (from Ch. 24, par. 8-11-5)

7 Sec. 8-11-5. Home Rule Municipal Service Occupation Tax
8 Act. The ~~The~~ corporate authorities of a home rule municipality
9 may impose a tax upon all persons engaged, in such
10 municipality, in the business of making sales of service at the
11 same rate of tax imposed pursuant to Section 8-11-1, of the
12 selling price of all tangible personal property transferred by
13 such servicemen either in the form of tangible personal
14 property or in the form of real estate as an incident to a sale
15 of service. If imposed, such tax shall only be imposed in 1/4%
16 increments. On and after September 1, 1991, this additional tax
17 may not be imposed on the sales of food for human consumption
18 which is to be consumed off the premises where it is sold
19 (other than alcoholic beverages, soft drinks and food which has
20 been prepared for immediate consumption) and prescription and
21 nonprescription medicines, drugs, medical appliances and
22 insulin, urine testing materials, syringes and needles used by
23 diabetics. The tax imposed by a home rule municipality pursuant

1 to this Section and all civil penalties that may be assessed as
2 an incident thereof shall be collected and enforced by the
3 State Department of Revenue. The certificate of registration
4 which is issued by the Department to a retailer under the
5 Retailers' Occupation Tax Act or under the Service Occupation
6 Tax Act shall permit such registrant to engage in a business
7 which is taxable under any ordinance or resolution enacted
8 pursuant to this Section without registering separately with
9 the Department under such ordinance or resolution or under this
10 Section. The Department shall have full power to administer and
11 enforce this Section; to collect all taxes and penalties due
12 hereunder; to dispose of taxes and penalties so collected in
13 the manner hereinafter provided, and to determine all rights to
14 credit memoranda arising on account of the erroneous payment of
15 tax or penalty hereunder. In the administration of, and
16 compliance with, this Section the Department and persons who
17 are subject to this Section shall have the same rights,
18 remedies, privileges, immunities, powers and duties, and be
19 subject to the same conditions, restrictions, limitations,
20 penalties and definitions of terms, and employ the same modes
21 of procedure, as are prescribed in Sections 1a-1, 2, 2a, 3
22 through 3-50 (in respect to all provisions therein other than
23 the State rate of tax), 4 (except that the reference to the
24 State shall be to the taxing municipality), 5, 7, 8 (except
25 that the jurisdiction to which the tax shall be a debt to the
26 extent indicated in that Section 8 shall be the taxing

1 municipality), 9 (except as to the disposition of taxes and
2 penalties collected, and except that the returned merchandise
3 credit for this municipal tax may not be taken against any
4 State tax), 10, 11, 12 (except the reference therein to Section
5 2b of the Retailers' Occupation Tax Act), 13 (except that any
6 reference to the State shall mean the taxing municipality), the
7 first paragraph of Section 15, 16, 17 (except that credit
8 memoranda issued hereunder may not be used to discharge any
9 State tax liability), 18, 19 and 20 of the Service Occupation
10 Tax Act and Section 3-7 of the Uniform Penalty and Interest
11 Act, as fully as if those provisions were set forth herein.

12 No tax may be imposed by a home rule municipality pursuant
13 to this Section unless such municipality also imposes a tax at
14 the same rate pursuant to Section 8-11-1 of this Act.

15 Persons subject to any tax imposed pursuant to the
16 authority granted in this Section may reimburse themselves for
17 their serviceman's tax liability hereunder by separately
18 stating such tax as an additional charge, which charge may be
19 stated in combination, in a single amount, with State tax which
20 servicemen are authorized to collect under the Service Use Tax
21 Act, pursuant to such bracket schedules as the Department may
22 prescribe.

23 Whenever the Department determines that a refund should be
24 made under this Section to a claimant instead of issuing credit
25 memorandum, the Department shall notify the State Comptroller,
26 who shall cause the order to be drawn for the amount specified,

1 and to the person named, in such notification from the
2 Department. Such refund shall be paid by the State Treasurer
3 out of the home rule municipal retailers' occupation tax fund.

4 The Department shall forthwith pay over to the State
5 Treasurer, ex-officio, as trustee, all taxes and penalties
6 collected hereunder.

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 under this Section
13 during the second preceding calendar month for sales within a
14 STAR bond district.

15 After the monthly transfer to the STAR Bonds Revenue Fund,
16 on or before the 25th day of each calendar month, the
17 Department shall prepare and certify to the Comptroller the
18 disbursement of stated sums of money to named municipalities,
19 the municipalities to be those from which suppliers and
20 servicemen have paid taxes or penalties hereunder to the
21 Department during the second preceding calendar month. The
22 amount to be paid to each municipality shall be the amount (not
23 including credit memoranda) collected hereunder during the
24 second preceding calendar month by the Department, and not
25 including an amount equal to the amount of refunds made during
26 the second preceding calendar month by the Department on behalf

1 of such municipality, and not including any amounts that are
2 transferred to the STAR Bonds Revenue Fund, less 1.5% of the
3 remainder, which the Department shall transfer into the Tax
4 Compliance and Administration Fund. The Department, at the time
5 of each monthly disbursement to the municipalities, shall
6 prepare and certify to the State Comptroller the amount to be
7 transferred into the Tax Compliance and Administration Fund
8 under this Section. Within 10 days after receipt, by the
9 Comptroller, of the disbursement certification to the
10 municipalities and the Tax Compliance and Administration Fund
11 provided for in this Section to be given to the Comptroller by
12 the Department, the Comptroller shall cause the orders to be
13 drawn for the respective amounts in accordance with the
14 directions contained in such certification.

15 In addition to the disbursement required by the preceding
16 paragraph and in order to mitigate delays caused by
17 distribution procedures, an allocation shall, if requested, be
18 made within 10 days after January 14, 1991, and in November of
19 1991 and each year thereafter, to each municipality that
20 received more than \$500,000 during the preceding fiscal year,
21 (July 1 through June 30) whether collected by the municipality
22 or disbursed by the Department as required by this Section.
23 Within 10 days after January 14, 1991, participating
24 municipalities shall notify the Department in writing of their
25 intent to participate. In addition, for the initial
26 distribution, participating municipalities shall certify to

1 the Department the amounts collected by the municipality for
2 each month under its home rule occupation and service
3 occupation tax during the period July 1, 1989 through June 30,
4 1990. The allocation within 10 days after January 14, 1991,
5 shall be in an amount equal to the monthly average of these
6 amounts, excluding the 2 months of highest receipts. Monthly
7 average for the period of July 1, 1990 through June 30, 1991
8 will be determined as follows: the amounts collected by the
9 municipality under its home rule occupation and service
10 occupation tax during the period of July 1, 1990 through
11 September 30, 1990, plus amounts collected by the Department
12 and paid to such municipality through June 30, 1991, excluding
13 the 2 months of highest receipts. The monthly average for each
14 subsequent period of July 1 through June 30 shall be an amount
15 equal to the monthly distribution made to each such
16 municipality under the preceding paragraph during this period,
17 excluding the 2 months of highest receipts. The distribution
18 made in November 1991 and each year thereafter under this
19 paragraph and the preceding paragraph shall be reduced by the
20 amount allocated and disbursed under this paragraph in the
21 preceding period of July 1 through June 30. The Department
22 shall prepare and certify to the Comptroller for disbursement
23 the allocations made in accordance with this paragraph.

24 Nothing in this Section shall be construed to authorize a
25 municipality to impose a tax upon the privilege of engaging in
26 any business which under the constitution of the United States

1 may not be made the subject of taxation by this State.

2 An ordinance or resolution imposing or discontinuing a tax
3 hereunder or effecting a change in the rate thereof shall be
4 adopted and a certified copy thereof filed with the Department
5 on or before the first day of June, whereupon the Department
6 shall proceed to administer and enforce this Section as of the
7 first day of September next following such adoption and filing.
8 Beginning January 1, 1992, an ordinance or resolution imposing
9 or discontinuing the tax hereunder or effecting a change in the
10 rate thereof shall be adopted and a certified copy thereof
11 filed with the Department on or before the first day of July,
12 whereupon the Department shall proceed to administer and
13 enforce this Section as of the first day of October next
14 following such adoption and filing. Beginning January 1, 1993,
15 an ordinance or resolution imposing or discontinuing the tax
16 hereunder or effecting a change in the rate thereof shall be
17 adopted and a certified copy thereof filed with the Department
18 on or before the first day of October, whereupon the Department
19 shall proceed to administer and enforce this Section as of the
20 first day of January next following such adoption and filing.
21 However, a municipality located in a county with a population
22 in excess of 3,000,000 that elected to become a home rule unit
23 at the general primary election in 1994 may adopt an ordinance
24 or resolution imposing the tax under this Section and file a
25 certified copy of the ordinance or resolution with the
26 Department on or before July 1, 1994. The Department shall then

1 proceed to administer and enforce this Section as of October 1,
2 1994. Beginning April 1, 1998, an ordinance or resolution
3 imposing or discontinuing the tax hereunder or effecting a
4 change in the rate thereof shall either (i) be adopted and a
5 certified copy thereof filed with the Department on or before
6 the first day of April, whereupon the Department shall proceed
7 to administer and enforce this Section as of the first day of
8 July next following the adoption and filing; or (ii) be adopted
9 and a certified copy thereof filed with the Department on or
10 before the first day of October, whereupon the Department shall
11 proceed to administer and enforce this Section as of the first
12 day of January next following the adoption and filing.

13 Any unobligated balance remaining in the Municipal
14 Retailers' Occupation Tax Fund on December 31, 1989, which fund
15 was abolished by Public Act 85-1135, and all receipts of
16 municipal tax as a result of audits of liability periods prior
17 to January 1, 1990, shall be paid into the Local Government Tax
18 Fund, for distribution as provided by this Section prior to the
19 enactment of Public Act 85-1135. All receipts of municipal tax
20 as a result of an assessment not arising from an audit, for
21 liability periods prior to January 1, 1990, shall be paid into
22 the Local Government Tax Fund for distribution before July 1,
23 1990, as provided by this Section prior to the enactment of
24 Public Act 85-1135, and on and after July 1, 1990, all such
25 receipts shall be distributed as provided in Section 6z-18 of
26 the State Finance Act.

1 As used in this Section, "municipal" and "municipality"
2 means a city, village or incorporated town, including an
3 incorporated town which has superseded a civil township.

4 This Section shall be known and may be cited as the Home
5 Rule Municipal Service Occupation Tax Act.

6 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18.)