

1 AMENDMENT TO SENATE BILL 1102

2 AMENDMENT NO. _____. Amend Senate Bill 1102 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Telecommunications Excise Tax Act is
5 amended by changing Section 2 as follows:

6 (35 ILCS 630/2) (from Ch. 120, par. 2002)

7 (Text of Section before amendment by P.A. 92-878)

8 Sec. 2. As used in this Article, unless the context
9 clearly requires otherwise:

10 (a) "Gross charge" means the amount paid for the act or
11 privilege of originating or receiving telecommunications in
12 this State and for all services and equipment provided in
13 connection therewith by a retailer, valued in money whether
14 paid in money or otherwise, including cash, credits, services
15 and property of every kind or nature, and shall be determined
16 without any deduction on account of the cost of such
17 telecommunications, the cost of materials used, labor or
18 service costs or any other expense whatsoever. In case
19 credit is extended, the amount thereof shall be included only
20 as and when paid. "Gross charges" for private line service
21 shall include charges imposed at each channel point within
22 this State, charges for the channel mileage between each

1 channel point within this State, and charges for that portion
2 of the interstate inter-office channel provided within
3 Illinois. However, "gross charges" shall not include:

4 (1) any amounts added to a purchaser's bill because
5 of a charge made pursuant to (i) the tax imposed by this
6 Article; (ii) charges added to customers' bills pursuant
7 to the provisions of Sections 9-221 or 9-222 of the
8 Public Utilities Act, as amended, or any similar charges
9 added to customers' bills by retailers who are not
10 subject to rate regulation by the Illinois Commerce
11 Commission for the purpose of recovering any of the tax
12 liabilities or other amounts specified in such provisions
13 of such Act; (iii) the tax imposed by Section 4251 of the
14 Internal Revenue Code; (iv) 911 surcharges; or (v) the
15 tax imposed by the Simplified Municipal
16 Telecommunications Tax Act;

17 (2) charges for a sent collect telecommunication
18 received outside of the State;

19 (3) charges for leased time on equipment or charges
20 for the storage of data or information for subsequent
21 retrieval or the processing of data or information
22 intended to change its form or content. Such equipment
23 includes, but is not limited to, the use of calculators,
24 computers, data processing equipment, tabulating
25 equipment or accounting equipment and also includes the
26 usage of computers under a time-sharing agreement;

27 (4) charges for customer equipment, including such
28 equipment that is leased or rented by the customer from
29 any source, wherein such charges are disaggregated and
30 separately identified from other charges;

31 (5) charges to business enterprises certified under
32 Section 9-222.1 of the Public Utilities Act, as amended,
33 to the extent of such exemption and during the period of
34 time specified by the Department of Commerce and

1 Community Affairs;

2 (6) charges for telecommunications and all services
3 and equipment provided in connection therewith between a
4 parent corporation and its wholly owned subsidiaries or
5 between wholly owned subsidiaries when the tax imposed
6 under this Article has already been paid to a retailer
7 and only to the extent that the charges between the
8 parent corporation and wholly owned subsidiaries or
9 between wholly owned subsidiaries represent expense
10 allocation between the corporations and not the
11 generation of profit for the corporation rendering such
12 service;

13 (7) bad debts. Bad debt means any portion of a debt
14 that is related to a sale at retail for which gross
15 charges are not otherwise deductible or excludable that
16 has become worthless or uncollectable, as determined
17 under applicable federal income tax standards. If the
18 portion of the debt deemed to be bad is subsequently
19 paid, the retailer shall report and pay the tax on that
20 portion during the reporting period in which the payment
21 is made;

22 (8) charges paid by inserting coins in
23 coin-operated telecommunication devices;

24 (9) amounts paid by telecommunications retailers
25 under the Telecommunications Municipal Infrastructure
26 Maintenance Fee Act.

27 (b) "Amount paid" means the amount charged to the
28 taxpayer's service address in this State regardless of where
29 such amount is billed or paid.

30 (c) "Telecommunications", in addition to the meaning
31 ordinarily and popularly ascribed to it, includes, without
32 limitation, messages or information transmitted through use
33 of local, toll and wide area telephone service; private line
34 services; channel services; telegraph services;

1 teletypewriter; computer exchange services; cellular mobile
2 telecommunications service; specialized mobile radio;
3 stationary two way radio; paging service; or any other form
4 of mobile and portable one-way or two-way communications; or
5 any other transmission of messages or information by
6 electronic or similar means, between or among points by wire,
7 cable, fiber-optics, laser, microwave, radio, satellite or
8 similar facilities. As used in this Act, "private line"
9 means a dedicated non-traffic sensitive service for a single
10 customer, that entitles the customer to exclusive or priority
11 use of a communications channel or group of channels, from
12 one or more specified locations to one or more other
13 specified locations. The definition of "telecommunications"
14 shall not include value added services in which computer
15 processing applications are used to act on the form, content,
16 code and protocol of the information for purposes other than
17 transmission. "Telecommunications" shall not include
18 purchases of telecommunications by a telecommunications
19 service provider for use as a component part of the service
20 provided by him to the ultimate retail consumer who
21 originates or terminates the taxable end-to-end
22 communications. Carrier access charges, right of access
23 charges, charges for use of inter-company facilities, and all
24 telecommunications resold in the subsequent provision of,
25 used as a component of, or integrated into end-to-end
26 telecommunications service shall be non-taxable as sales for
27 resale.

28 (d) "Interstate telecommunications" means all
29 telecommunications that either originate or terminate outside
30 this State.

31 (e) "Intrastate telecommunications" means all
32 telecommunications that originate and terminate within this
33 State.

34 (f) "Department" means the Department of Revenue of the

1 State of Illinois.

2 (g) "Director" means the Director of Revenue for the
3 Department of Revenue of the State of Illinois.

4 (h) "Taxpayer" means a person who individually or
5 through his agents, employees or permittees engages in the
6 act or privilege of originating or receiving
7 telecommunications in this State and who incurs a tax
8 liability under this Article.

9 (i) "Person" means any natural individual, firm, trust,
10 estate, partnership, association, joint stock company, joint
11 venture, corporation, limited liability company, or a
12 receiver, trustee, guardian or other representative appointed
13 by order of any court, the Federal and State governments,
14 including State universities created by statute or any city,
15 town, county or other political subdivision of this State.

16 (j) "Purchase at retail" means the acquisition,
17 consumption or use of telecommunication through a sale at
18 retail.

19 (k) "Sale at retail" means the transmitting, supplying
20 or furnishing of telecommunications and all services and
21 equipment provided in connection therewith for a
22 consideration to persons other than the Federal and State
23 governments, and State universities created by statute and
24 other than between a parent corporation and its wholly owned
25 subsidiaries or between wholly owned subsidiaries for their
26 use or consumption and not for resale.

27 (l) "Retailer" means and includes every person engaged
28 in the business of making sales at retail as defined in this
29 Article. The Department may, in its discretion, upon
30 application, authorize the collection of the tax hereby
31 imposed by any retailer not maintaining a place of business
32 within this State, who, to the satisfaction of the
33 Department, furnishes adequate security to insure collection
34 and payment of the tax. Such retailer shall be issued,

1 without charge, a permit to collect such tax. When so
2 authorized, it shall be the duty of such retailer to collect
3 the tax upon all of the gross charges for telecommunications
4 in this State in the same manner and subject to the same
5 requirements as a retailer maintaining a place of business
6 within this State. The permit may be revoked by the
7 Department at its discretion.

8 (m) "Retailer maintaining a place of business in this
9 State", or any like term, means and includes any retailer
10 having or maintaining within this State, directly or by a
11 subsidiary, an office, distribution facilities, transmission
12 facilities, sales office, warehouse or other place of
13 business, or any agent or other representative operating
14 within this State under the authority of the retailer or its
15 subsidiary, irrespective of whether such place of business or
16 agent or other representative is located here permanently or
17 temporarily, or whether such retailer or subsidiary is
18 licensed to do business in this State.

19 (n) "Service address" means the location of
20 telecommunications equipment from which the
21 telecommunications services are originated or at which
22 telecommunications services are received by a taxpayer. In
23 the event this may not be a defined location, as in the case
24 of mobile phones, paging systems, maritime systems, service
25 address means the customer's place of primary use as defined
26 in the Mobile Telecommunications Sourcing Conformity Act.
27 For air-to-ground systems and the like, service address shall
28 mean the location of a taxpayer's primary use of the
29 telecommunications equipment as defined by telephone number,
30 authorization code, or location in Illinois where bills are
31 sent.

32 (o) "Prepaid telephone calling arrangements" mean the
33 right to exclusively purchase telephone or telecommunications
34 services that must be paid for in advance and enable the

1 origination of one or more intrastate, interstate, or
2 international telephone calls or other telecommunications
3 using an access number, an authorization code, or both,
4 whether manually or electronically dialed, for which payment
5 to a retailer must be made in advance, provided that, unless
6 recharged, no further service is provided once that prepaid
7 amount of service has been consumed. Prepaid telephone
8 calling arrangements include the recharge of a prepaid
9 calling arrangement. For purposes of this subsection,
10 "recharge" means the purchase of additional prepaid telephone
11 or telecommunications services whether or not the purchaser
12 acquires a different access number or authorization code.
13 "Prepaid telephone calling arrangement" does not include an
14 arrangement whereby a customer purchases a payment card and
15 pursuant to which the service provider reflects the amount of
16 such purchase as a credit on an invoice issued to that
17 customer under an existing subscription plan.

18 (Source: P.A. 91-870, eff. 6-22-00; 92-474, eff. 8-1-02;
19 92-526, eff. 1-1-03.)

20 (Text of Section after amendment by P.A. 92-878)

21 Sec. 2. As used in this Article, unless the context
22 clearly requires otherwise:

23 (a) "Gross charge" means the amount paid for the act or
24 privilege of originating or receiving telecommunications in
25 this State and for all services and equipment provided in
26 connection therewith by a retailer, valued in money whether
27 paid in money or otherwise, including cash, credits, services
28 and property of every kind or nature, and shall be determined
29 without any deduction on account of the cost of such
30 telecommunications, the cost of materials used, labor or
31 service costs or any other expense whatsoever. In case
32 credit is extended, the amount thereof shall be included only
33 as and when paid. "Gross charges" for private line service
34 shall include charges imposed at each channel termination

1 point within this State, charges for the channel mileage
 2 between each channel termination point within this State, and
 3 charges for that portion of the interstate inter-office
 4 channel provided within Illinois. Charges for that portion of
 5 the interstate inter-office channel provided in Illinois
 6 shall be determined by the retailer as follows: (i) for
 7 interstate inter-office channels having 2 channel termination
 8 points, only one of which is in Illinois, 50% of the total
 9 charge imposed; or (ii) for interstate inter-office channels
 10 having more than 2 channel termination points, one or more of
 11 which are in Illinois, an amount equal to the total charge
 12 multiplied by a fraction, the numerator of which is the
 13 number of channel termination points within Illinois and the
 14 denominator of which is the total number of channel
 15 termination points; ~~or (iii) any other method that reasonably~~
 16 ~~apportions the total charges for interstate inter-office~~
 17 ~~channels among the states in which channel termination points~~
 18 ~~are located. Prior to January 1, 2004 ~~June 17, 2003~~, any~~
 19 ~~apportionment~~ method consistent with this paragraph or other
 20 method that reasonably apportions the total charges for
 21 interstate inter-office channels among the states in which
 22 channel terminations points are located shall be accepted as
 23 a reasonable method to determine the charges for that portion
 24 of the interstate inter-office channel provided within
 25 Illinois for that period. However, "gross charges" shall not
 26 include any of the following:

- 27 (1) Any amounts added to a purchaser's bill because
- 28 of a charge made pursuant to (i) the tax imposed by this
- 29 Article; (ii) charges added to customers' bills pursuant
- 30 to the provisions of Sections 9-221 or 9-222 of the
- 31 Public Utilities Act, as amended, or any similar charges
- 32 added to customers' bills by retailers who are not
- 33 subject to rate regulation by the Illinois Commerce
- 34 Commission for the purpose of recovering any of the tax

1 liabilities or other amounts specified in such provisions
2 of such Act; (iii) the tax imposed by Section 4251 of the
3 Internal Revenue Code; (iv) 911 surcharges; or (v) the
4 tax imposed by the Simplified Municipal
5 Telecommunications Tax Act.

6 (2) Charges for a sent collect telecommunication
7 received outside of the State.

8 (3) Charges for leased time on equipment or charges
9 for the storage of data or information for subsequent
10 retrieval or the processing of data or information
11 intended to change its form or content. Such equipment
12 includes, but is not limited to, the use of calculators,
13 computers, data processing equipment, tabulating
14 equipment or accounting equipment and also includes the
15 usage of computers under a time-sharing agreement.

16 (4) Charges for customer equipment, including such
17 equipment that is leased or rented by the customer from
18 any source, wherein such charges are disaggregated and
19 separately identified from other charges.

20 (5) Charges to business enterprises certified under
21 Section 9-222.1 of the Public Utilities Act, as amended,
22 to the extent of such exemption and during the period of
23 time specified by the Department of Commerce and
24 Community Affairs.

25 (6) Charges for telecommunications and all services
26 and equipment provided in connection therewith between a
27 parent corporation and its wholly owned subsidiaries or
28 between wholly owned subsidiaries when the tax imposed
29 under this Article has already been paid to a retailer
30 and only to the extent that the charges between the
31 parent corporation and wholly owned subsidiaries or
32 between wholly owned subsidiaries represent expense
33 allocation between the corporations and not the
34 generation of profit for the corporation rendering such

1 service.

2 (7) Bad debts. Bad debt means any portion of a debt
3 that is related to a sale at retail for which gross
4 charges are not otherwise deductible or excludable that
5 has become worthless or uncollectable, as determined
6 under applicable federal income tax standards. If the
7 portion of the debt deemed to be bad is subsequently
8 paid, the retailer shall report and pay the tax on that
9 portion during the reporting period in which the payment
10 is made.

11 (8) Charges paid by inserting coins in
12 coin-operated telecommunication devices.

13 (9) Amounts paid by telecommunications retailers
14 under the Telecommunications Municipal Infrastructure
15 Maintenance Fee Act.

16 (10) Charges for nontaxable services or
17 telecommunications if (i) those charges are aggregated
18 with other charges for telecommunications that are
19 taxable, (ii) those charges are not separately stated on
20 the customer bill or invoice, and (iii) the retailer can
21 reasonably identify the nontaxable charges on the
22 retailer's books and records kept in the regular course
23 of business. If the nontaxable charges cannot reasonably
24 be identified, the gross charge from the sale of both
25 taxable and nontaxable services or telecommunications
26 billed on a combined basis shall be attributed to the
27 taxable services or telecommunications. The burden of
28 proving nontaxable charges shall be on the retailer of
29 the telecommunications.

30 (b) "Amount paid" means the amount charged to the
31 taxpayer's service address in this State regardless of where
32 such amount is billed or paid.

33 (c) "Telecommunications", in addition to the meaning
34 ordinarily and popularly ascribed to it, includes, without

1 limitation, messages or information transmitted through use
2 of local, toll and wide area telephone service; private line
3 services; channel services; telegraph services;
4 teletypewriter; computer exchange services; cellular mobile
5 telecommunications service; specialized mobile radio;
6 stationary two way radio; paging service; or any other form
7 of mobile and portable one-way or two-way communications; or
8 any other transmission of messages or information by
9 electronic or similar means, between or among points by wire,
10 cable, fiber-optics, laser, microwave, radio, satellite or
11 similar facilities. As used in this Act, "private line"
12 means a dedicated non-traffic sensitive service for a single
13 customer, that entitles the customer to exclusive or priority
14 use of a communications channel or group of channels, from
15 one or more specified locations to one or more other
16 specified locations. The definition of "telecommunications"
17 shall not include value added services in which computer
18 processing applications are used to act on the form, content,
19 code and protocol of the information for purposes other than
20 transmission. "Telecommunications" shall not include
21 purchases of telecommunications by a telecommunications
22 service provider for use as a component part of the service
23 provided by him to the ultimate retail consumer who
24 originates or terminates the taxable end-to-end
25 communications. Carrier access charges, right of access
26 charges, charges for use of inter-company facilities, and all
27 telecommunications resold in the subsequent provision of,
28 used as a component of, or integrated into end-to-end
29 telecommunications service shall be non-taxable as sales for
30 resale.

31 (d) "Interstate telecommunications" means all
32 telecommunications that either originate or terminate outside
33 this State.

34 (e) "Intrastate telecommunications" means all

1 telecommunications that originate and terminate within this
2 State.

3 (f) "Department" means the Department of Revenue of the
4 State of Illinois.

5 (g) "Director" means the Director of Revenue for the
6 Department of Revenue of the State of Illinois.

7 (h) "Taxpayer" means a person who individually or
8 through his agents, employees or permittees engages in the
9 act or privilege of originating or receiving
10 telecommunications in this State and who incurs a tax
11 liability under this Article.

12 (i) "Person" means any natural individual, firm, trust,
13 estate, partnership, association, joint stock company, joint
14 venture, corporation, limited liability company, or a
15 receiver, trustee, guardian or other representative appointed
16 by order of any court, the Federal and State governments,
17 including State universities created by statute or any city,
18 town, county or other political subdivision of this State.

19 (j) "Purchase at retail" means the acquisition,
20 consumption or use of telecommunication through a sale at
21 retail.

22 (k) "Sale at retail" means the transmitting, supplying
23 or furnishing of telecommunications and all services and
24 equipment provided in connection therewith for a
25 consideration to persons other than the Federal and State
26 governments, and State universities created by statute and
27 other than between a parent corporation and its wholly owned
28 subsidiaries or between wholly owned subsidiaries for their
29 use or consumption and not for resale.

30 (l) "Retailer" means and includes every person engaged
31 in the business of making sales at retail as defined in this
32 Article. The Department may, in its discretion, upon
33 application, authorize the collection of the tax hereby
34 imposed by any retailer not maintaining a place of business

1 within this State, who, to the satisfaction of the
2 Department, furnishes adequate security to insure collection
3 and payment of the tax. Such retailer shall be issued,
4 without charge, a permit to collect such tax. When so
5 authorized, it shall be the duty of such retailer to collect
6 the tax upon all of the gross charges for telecommunications
7 in this State in the same manner and subject to the same
8 requirements as a retailer maintaining a place of business
9 within this State. The permit may be revoked by the
10 Department at its discretion.

11 (m) "Retailer maintaining a place of business in this
12 State", or any like term, means and includes any retailer
13 having or maintaining within this State, directly or by a
14 subsidiary, an office, distribution facilities, transmission
15 facilities, sales office, warehouse or other place of
16 business, or any agent or other representative operating
17 within this State under the authority of the retailer or its
18 subsidiary, irrespective of whether such place of business or
19 agent or other representative is located here permanently or
20 temporarily, or whether such retailer or subsidiary is
21 licensed to do business in this State.

22 (n) "Service address" means the location of
23 telecommunications equipment from which the
24 telecommunications services are originated or at which
25 telecommunications services are received by a taxpayer. In
26 the event this may not be a defined location, as in the case
27 of mobile phones, paging systems, maritime systems, service
28 address means the customer's place of primary use as defined
29 in the Mobile Telecommunications Sourcing Conformity Act.
30 For air-to-ground systems and the like, service address shall
31 mean the location of a taxpayer's primary use of the
32 telecommunications equipment as defined by telephone number,
33 authorization code, or location in Illinois where bills are
34 sent.

1 (o) "Prepaid telephone calling arrangements" mean the
2 right to exclusively purchase telephone or telecommunications
3 services that must be paid for in advance and enable the
4 origination of one or more intrastate, interstate, or
5 international telephone calls or other telecommunications
6 using an access number, an authorization code, or both,
7 whether manually or electronically dialed, for which payment
8 to a retailer must be made in advance, provided that, unless
9 recharged, no further service is provided once that prepaid
10 amount of service has been consumed. Prepaid telephone
11 calling arrangements include the recharge of a prepaid
12 calling arrangement. For purposes of this subsection,
13 "recharge" means the purchase of additional prepaid telephone
14 or telecommunications services whether or not the purchaser
15 acquires a different access number or authorization code.
16 "Prepaid telephone calling arrangement" does not include an
17 arrangement whereby a customer purchases a payment card and
18 pursuant to which the service provider reflects the amount of
19 such purchase as a credit on an invoice issued to that
20 customer under an existing subscription plan.

21 (Source: P.A. 91-870, eff. 6-22-00; 92-474, eff. 8-1-02;
22 92-526, eff. 1-1-03; 92-878, eff. 1-1-04.)

23 Section 10. The Telecommunications Infrastructure
24 Maintenance Fee Act is amended by changing Section 10 as
25 follows:

26 (35 ILCS 635/10)

27 (Text of Section before amendment by P.A. 92-878)

28 Sec. 10. Definitions.

29 (a) "Gross charges" means the amount paid to a
30 telecommunications retailer for the act or privilege of
31 originating or receiving telecommunications in this State and
32 for all services rendered in connection therewith, valued in

1 money whether paid in money or otherwise, including cash,
2 credits, services, and property of every kind or nature, and
3 shall be determined without any deduction on account of the
4 cost of such telecommunications, the cost of the materials
5 used, labor or service costs, or any other expense
6 whatsoever. In case credit is extended, the amount thereof
7 shall be included only as and when paid. "Gross charges" for
8 private line service shall include charges imposed at each
9 channel point within this State, charges for the channel
10 mileage between each channel point within this State, and
11 charges for that portion of the interstate inter-office
12 channel provided within Illinois. However, "gross charges"
13 shall not include:

14 (1) any amounts added to a purchaser's bill because
15 of a charge made under: (i) the fee imposed by this
16 Section, (ii) additional charges added to a purchaser's
17 bill under Section 9-221 or 9-222 of the Public Utilities
18 Act, (iii) the tax imposed by the Telecommunications
19 Excise Tax Act, (iv) 911 surcharges, (v) the tax imposed
20 by Section 4251 of the Internal Revenue Code, or (vi) the
21 tax imposed by the Simplified Municipal
22 Telecommunications Tax Act;

23 (2) charges for a sent collect telecommunication
24 received outside of this State;

25 (3) charges for leased time on equipment or charges
26 for the storage of data or information or subsequent
27 retrieval or the processing of data or information
28 intended to change its form or content. Such equipment
29 includes, but is not limited to, the use of calculators,
30 computers, data processing equipment, tabulating
31 equipment, or accounting equipment and also includes the
32 usage of computers under a time-sharing agreement;

33 (4) charges for customer equipment, including such
34 equipment that is leased or rented by the customer from

1 any source, wherein such charges are disaggregated and
2 separately identified from other charges;

3 (5) charges to business enterprises certified under
4 Section 9-222.1 of the Public Utilities Act to the extent
5 of such exemption and during the period of time specified
6 by the Department of Commerce and Community Affairs;

7 (6) charges for telecommunications and all services
8 and equipment provided in connection therewith between a
9 parent corporation and its wholly owned subsidiaries or
10 between wholly owned subsidiaries, and only to the extent
11 that the charges between the parent corporation and
12 wholly owned subsidiaries or between wholly owned
13 subsidiaries represent expense allocation between the
14 corporations and not the generation of profit other than
15 a regulatory required profit for the corporation
16 rendering such services;

17 (7) bad debts ("bad debt" means any portion of a
18 debt that is related to a sale at retail for which gross
19 charges are not otherwise deductible or excludable that
20 has become worthless or uncollectible, as determined
21 under applicable federal income tax standards; if the
22 portion of the debt deemed to be bad is subsequently
23 paid, the retailer shall report and pay the tax on that
24 portion during the reporting period in which the payment
25 is made); or

26 (8) charges paid by inserting coins in
27 coin-operated telecommunication devices.

28 (a-5) "Department" means the Illinois Department of
29 Revenue.

30 (b) "Telecommunications" includes, but is not limited
31 to, messages or information transmitted through use of local,
32 toll, and wide area telephone service, channel services,
33 telegraph services, teletypewriter service, computer exchange
34 services, private line services, specialized mobile radio

1 services, or any other transmission of messages or
2 information by electronic or similar means, between or among
3 points by wire, cable, fiber optics, laser, microwave, radio,
4 satellite, or similar facilities. Unless the context clearly
5 requires otherwise, "telecommunications" shall also include
6 wireless telecommunications as hereinafter defined.
7 "Telecommunications" shall not include value added services
8 in which computer processing applications are used to act on
9 the form, content, code, and protocol of the information for
10 purposes other than transmission. "Telecommunications" shall
11 not include purchase of telecommunications by a
12 telecommunications service provider for use as a component
13 part of the service provided by him or her to the ultimate
14 retail consumer who originates or terminates the end-to-end
15 communications. Retailer access charges, right of access
16 charges, charges for use of intercompany facilities, and all
17 telecommunications resold in the subsequent provision and
18 used as a component of, or integrated into, end-to-end
19 telecommunications service shall not be included in gross
20 charges as sales for resale. "Telecommunications" shall not
21 include the provision of cable services through a cable
22 system as defined in the Cable Communications Act of 1984 (47
23 U.S.C. Sections 521 and following) as now or hereafter
24 amended or through an open video system as defined in the
25 Rules of the Federal Communications Commission (47 C.D.F.
26 76.1550 and following) as now or hereafter amended.
27 Beginning January 1, 2001, prepaid telephone calling
28 arrangements shall not be considered "telecommunications"
29 subject to the tax imposed under this Act. For purposes of
30 this Section, "prepaid telephone calling arrangements" means
31 that term as defined in Section 2-27 of the Retailers'
32 Occupation Tax Act.

33 (c) "Wireless telecommunications" includes cellular
34 mobile telephone services, personal wireless services as

1 defined in Section 704(C) of the Telecommunications Act of
2 1996 (Public Law No. 104-104) as now or hereafter amended,
3 including all commercial mobile radio services, and paging
4 services.

5 (d) "Telecommunications retailer" or "retailer" or
6 "carrier" means and includes every person engaged in the
7 business of making sales of telecommunications at retail as
8 defined in this Section. The Department may, in its
9 discretion, upon applications, authorize the collection of
10 the fee hereby imposed by any retailer not maintaining a
11 place of business within this State, who, to the satisfaction
12 of the Department, furnishes adequate security to insure
13 collection and payment of the fee. When so authorized, it
14 shall be the duty of such retailer to pay the fee upon all of
15 the gross charges for telecommunications in the same manner
16 and subject to the same requirements as a retailer
17 maintaining a place of business within this State.

18 (e) "Retailer maintaining a place of business in this
19 State", or any like term, means and includes any retailer
20 having or maintaining within this State, directly or by a
21 subsidiary, an office, distribution facilities, transmission
22 facilities, sales office, warehouse, or other place of
23 business, or any agent or other representative operating
24 within this State under the authority of the retailer or its
25 subsidiary, irrespective of whether such place of business or
26 agent or other representative is located here permanently or
27 temporarily, or whether such retailer or subsidiary is
28 licensed to do business in this State.

29 (f) "Sale of telecommunications at retail" means the
30 transmitting, supplying, or furnishing of telecommunications
31 and all services rendered in connection therewith for a
32 consideration, other than between a parent corporation and
33 its wholly owned subsidiaries or between wholly owned
34 subsidiaries, when the gross charge made by one such

1 corporation to another such corporation is not greater than
2 the gross charge paid to the retailer for their use or
3 consumption and not for sale.

4 (g) "Service address" means the location of
5 telecommunications equipment from which telecommunications
6 services are originated or at which telecommunications
7 services are received. If this is not a defined location, as
8 in the case of wireless telecommunications, paging systems,
9 maritime systems, service address means the customer's place
10 of primary use as defined in the Mobile Telecommunications
11 Sourcing Conformity Act. For air-to-ground systems, and the
12 like, "service address" shall mean the location of the
13 customer's primary use of the telecommunications equipment as
14 defined by the location in Illinois where bills are sent.

15 (Source: P.A. 91-870, eff. 6-22-00; 92-474, eff. 8-1-02;
16 92-526, eff. 1-1-03.)

17 (Text of Section after amendment by P.A. 92-878)

18 Sec. 10. Definitions.

19 (a) "Gross charges" means the amount paid to a
20 telecommunications retailer for the act or privilege of
21 originating or receiving telecommunications in this State and
22 for all services rendered in connection therewith, valued in
23 money whether paid in money or otherwise, including cash,
24 credits, services, and property of every kind or nature, and
25 shall be determined without any deduction on account of the
26 cost of such telecommunications, the cost of the materials
27 used, labor or service costs, or any other expense
28 whatsoever. In case credit is extended, the amount thereof
29 shall be included only as and when paid. "Gross charges" for
30 private line service shall include charges imposed at each
31 channel termination point within this State, charges for the
32 channel mileage between each channel termination point within
33 this State, and charges for that portion of the interstate
34 inter-office channel provided within Illinois. Charges for

1 that portion of the interstate inter-office channel provided
 2 in Illinois shall be determined by the retailer as follows:
 3 (i) for interstate inter-office channels having 2 channel
 4 termination points, only one of which is in Illinois, 50% of
 5 the total charge imposed; or (ii) for interstate inter-office
 6 channels having more than 2 channel termination points, one
 7 or more of which are in Illinois, an amount equal to the
 8 total charge multiplied by a fraction, the numerator of which
 9 is the number of channel termination points within Illinois
 10 and the denominator of which is the total number of channel
 11 termination points; ~~or (iii) any other method that reasonably~~
 12 ~~apportions the total charges for interstate inter-office~~
 13 ~~channels among the states in which channel termination points~~
 14 ~~are located. Prior to January 1, 2004, June 17, 2003, any~~
 15 ~~apportionment~~ method consistent with this paragraph or other
 16 method that reasonably apportions the total charges for
 17 interstate inter-office channels among the states in which
 18 channel terminations points are located shall be accepted as
 19 a reasonable method to determine the charges for that portion
 20 of the interstate inter-office channel provided within
 21 Illinois for that period. However, "gross charges" shall not
 22 include any of the following:

23 (1) Any amounts added to a purchaser's bill because
 24 of a charge made under: (i) the fee imposed by this
 25 Section, (ii) additional charges added to a purchaser's
 26 bill under Section 9-221 or 9-222 of the Public Utilities
 27 Act, (iii) the tax imposed by the Telecommunications
 28 Excise Tax Act, (iv) 911 surcharges, (v) the tax imposed
 29 by Section 4251 of the Internal Revenue Code, or (vi) the
 30 tax imposed by the Simplified Municipal
 31 Telecommunications Tax Act.

32 (2) Charges for a sent collect telecommunication
 33 received outside of this State.

34 (3) Charges for leased time on equipment or charges

1 for the storage of data or information or subsequent
2 retrieval or the processing of data or information
3 intended to change its form or content. Such equipment
4 includes, but is not limited to, the use of calculators,
5 computers, data processing equipment, tabulating
6 equipment, or accounting equipment and also includes the
7 usage of computers under a time-sharing agreement.

8 (4) Charges for customer equipment, including such
9 equipment that is leased or rented by the customer from
10 any source, wherein such charges are disaggregated and
11 separately identified from other charges.

12 (5) Charges to business enterprises certified under
13 Section 9-222.1 of the Public Utilities Act to the extent
14 of such exemption and during the period of time specified
15 by the Department of Commerce and Community Affairs.

16 (6) Charges for telecommunications and all services
17 and equipment provided in connection therewith between a
18 parent corporation and its wholly owned subsidiaries or
19 between wholly owned subsidiaries, and only to the extent
20 that the charges between the parent corporation and
21 wholly owned subsidiaries or between wholly owned
22 subsidiaries represent expense allocation between the
23 corporations and not the generation of profit other than
24 a regulatory required profit for the corporation
25 rendering such services.

26 (7) Bad debts ("bad debt" means any portion of a
27 debt that is related to a sale at retail for which gross
28 charges are not otherwise deductible or excludable that
29 has become worthless or uncollectible, as determined
30 under applicable federal income tax standards; if the
31 portion of the debt deemed to be bad is subsequently
32 paid, the retailer shall report and pay the tax on that
33 portion during the reporting period in which the payment
34 is made).

1 (8) Charges paid by inserting coins in
2 coin-operated telecommunication devices.

3 (9) Charges for nontaxable services or
4 telecommunications if (i) those charges are aggregated
5 with other charges for telecommunications that are
6 taxable, (ii) those charges are not separately stated on
7 the customer bill or invoice, and (iii) the retailer can
8 reasonably identify the nontaxable charges on the
9 retailer's books and records kept in the regular course
10 of business. If the nontaxable charges cannot reasonably
11 be identified, the gross charge from the sale of both
12 taxable and nontaxable services or telecommunications
13 billed on a combined basis shall be attributed to the
14 taxable services or telecommunications. The burden of
15 proving nontaxable charges shall be on the retailer of
16 the telecommunications.

17 (a-5) "Department" means the Illinois Department of
18 Revenue.

19 (b) "Telecommunications" includes, but is not limited
20 to, messages or information transmitted through use of local,
21 toll, and wide area telephone service, channel services,
22 telegraph services, teletypewriter service, computer exchange
23 services, private line services, specialized mobile radio
24 services, or any other transmission of messages or
25 information by electronic or similar means, between or among
26 points by wire, cable, fiber optics, laser, microwave, radio,
27 satellite, or similar facilities. Unless the context clearly
28 requires otherwise, "telecommunications" shall also include
29 wireless telecommunications as hereinafter defined.
30 "Telecommunications" shall not include value added services
31 in which computer processing applications are used to act on
32 the form, content, code, and protocol of the information for
33 purposes other than transmission. "Telecommunications" shall
34 not include purchase of telecommunications by a

1 telecommunications service provider for use as a component
2 part of the service provided by him or her to the ultimate
3 retail consumer who originates or terminates the end-to-end
4 communications. Retailer access charges, right of access
5 charges, charges for use of intercompany facilities, and all
6 telecommunications resold in the subsequent provision and
7 used as a component of, or integrated into, end-to-end
8 telecommunications service shall not be included in gross
9 charges as sales for resale. "Telecommunications" shall not
10 include the provision of cable services through a cable
11 system as defined in the Cable Communications Act of 1984 (47
12 U.S.C. Sections 521 and following) as now or hereafter
13 amended or through an open video system as defined in the
14 Rules of the Federal Communications Commission (47 C.D.F.
15 76.1550 and following) as now or hereafter amended.
16 Beginning January 1, 2001, prepaid telephone calling
17 arrangements shall not be considered "telecommunications"
18 subject to the tax imposed under this Act. For purposes of
19 this Section, "prepaid telephone calling arrangements" means
20 that term as defined in Section 2-27 of the Retailers'
21 Occupation Tax Act.

22 (c) "Wireless telecommunications" includes cellular
23 mobile telephone services, personal wireless services as
24 defined in Section 704(C) of the Telecommunications Act of
25 1996 (Public Law No. 104-104) as now or hereafter amended,
26 including all commercial mobile radio services, and paging
27 services.

28 (d) "Telecommunications retailer" or "retailer" or
29 "carrier" means and includes every person engaged in the
30 business of making sales of telecommunications at retail as
31 defined in this Section. The Department may, in its
32 discretion, upon applications, authorize the collection of
33 the fee hereby imposed by any retailer not maintaining a
34 place of business within this State, who, to the satisfaction

1 of the Department, furnishes adequate security to insure
2 collection and payment of the fee. When so authorized, it
3 shall be the duty of such retailer to pay the fee upon all of
4 the gross charges for telecommunications in the same manner
5 and subject to the same requirements as a retailer
6 maintaining a place of business within this State.

7 (e) "Retailer maintaining a place of business in this
8 State", or any like term, means and includes any retailer
9 having or maintaining within this State, directly or by a
10 subsidiary, an office, distribution facilities, transmission
11 facilities, sales office, warehouse, or other place of
12 business, or any agent or other representative operating
13 within this State under the authority of the retailer or its
14 subsidiary, irrespective of whether such place of business or
15 agent or other representative is located here permanently or
16 temporarily, or whether such retailer or subsidiary is
17 licensed to do business in this State.

18 (f) "Sale of telecommunications at retail" means the
19 transmitting, supplying, or furnishing of telecommunications
20 and all services rendered in connection therewith for a
21 consideration, other than between a parent corporation and
22 its wholly owned subsidiaries or between wholly owned
23 subsidiaries, when the gross charge made by one such
24 corporation to another such corporation is not greater than
25 the gross charge paid to the retailer for their use or
26 consumption and not for sale.

27 (g) "Service address" means the location of
28 telecommunications equipment from which telecommunications
29 services are originated or at which telecommunications
30 services are received. If this is not a defined location, as
31 in the case of wireless telecommunications, paging systems,
32 maritime systems, service address means the customer's place
33 of primary use as defined in the Mobile Telecommunications
34 Sourcing Conformity Act. For air-to-ground systems, and the

1 like, "service address" shall mean the location of the
2 customer's primary use of the telecommunications equipment as
3 defined by the location in Illinois where bills are sent.

4 (Source: P.A. 91-870, eff. 6-22-00; 92-474, eff. 8-1-02;
5 92-526, eff. 1-1-03; 92-878, eff. 1-1-04.)

6 Section 15. The Simplified Municipal Telecommunications
7 Tax Act is amended by changing Sections 5-7, 5-10, and 5-20
8 as follows:

9 (35 ILCS 636/5-7)

10 (Text of Section before amendment by P.A. 92-878)

11 Sec. 5-7. Definitions. For purposes of the taxes
12 authorized by this Act:

13 "Amount paid" means the amount charged to the taxpayer's
14 service address in such municipality regardless of where such
15 amount is billed or paid.

16 "Department" means the Illinois Department of Revenue.

17 "Gross charge" means the amount paid for the act or
18 privilege of originating or receiving telecommunications in
19 such municipality and for all services and equipment provided
20 in connection therewith by a retailer, valued in money
21 whether paid in money or otherwise, including cash, credits,
22 services and property of every kind or nature, and shall be
23 determined without any deduction on account of the cost of
24 such telecommunications, the cost of the materials used,
25 labor or service costs or any other expense whatsoever. In
26 case credit is extended, the amount thereof shall be included
27 only as and when paid. "Gross charges" for private line
28 service shall include charges imposed at each channel point
29 within this State, charges for the channel mileage between
30 each channel point within this State, and charges for that
31 portion of the interstate inter-office channel provided
32 within Illinois. However, "gross charge" shall not include:

1 (1) any amounts added to a purchaser's bill because
2 of a charge made pursuant to: (i) the tax imposed by this
3 Act, (ii) the tax imposed by the Telecommunications
4 Excise Tax Act, (iii) the tax imposed by Section 4251 of
5 the Internal Revenue Code, (iv) 911 surcharges, or (v)
6 charges added to customers' bills pursuant to the
7 provisions of Section 9-221 or 9-222 of the Public
8 Utilities Act, as amended, or any similar charges added
9 to customers' bills by retailers who are not subject to
10 rate regulation by the Illinois Commerce Commission for
11 the purpose of recovering any of the tax liabilities or
12 other amounts specified in those provisions of the Public
13 Utilities Act;

14 (2) charges for a sent collect telecommunication
15 received outside of such municipality;

16 (3) charges for leased time on equipment or charges
17 for the storage of data or information for subsequent
18 retrieval or the processing of data or information
19 intended to change its form or content. Such equipment
20 includes, but is not limited to, the use of calculators,
21 computers, data processing equipment, tabulating
22 equipment or accounting equipment and also includes the
23 usage of computers under a time-sharing agreement;

24 (4) charges for customer equipment, including such
25 equipment that is leased or rented by the customer from
26 any source, wherein such charges are disaggregated and
27 separately identified from other charges;

28 (5) charges to business enterprises certified as
29 exempt under Section 9-222.1 of the Public Utilities Act
30 to the extent of such exemption and during the period of
31 time specified by the Department of Commerce and
32 Community Affairs;

33 (6) charges for telecommunications and all services
34 and equipment provided in connection therewith between a

1 parent corporation and its wholly owned subsidiaries or
2 between wholly owned subsidiaries when the tax imposed
3 under this Act has already been paid to a retailer and
4 only to the extent that the charges between the parent
5 corporation and wholly owned subsidiaries or between
6 wholly owned subsidiaries represent expense allocation
7 between the corporations and not the generation of profit
8 for the corporation rendering such service;

9 (7) bad debts ("bad debt" means any portion of a
10 debt that is related to a sale at retail for which gross
11 charges are not otherwise deductible or excludable that
12 has become worthless or uncollectible, as determined
13 under applicable federal income tax standards; if the
14 portion of the debt deemed to be bad is subsequently
15 paid, the retailer shall report and pay the tax on that
16 portion during the reporting period in which the payment
17 is made);

18 (8) charges paid by inserting coins in
19 coin-operated telecommunication devices; or

20 (9) amounts paid by telecommunications retailers
21 under the Telecommunications Infrastructure Maintenance
22 Fee Act.

23 "Interstate telecommunications" means all
24 telecommunications that either originate or terminate outside
25 this State.

26 "Intrastate telecommunications" means all
27 telecommunications that originate and terminate within this
28 State.

29 "Person" means any natural individual, firm, trust,
30 estate, partnership, association, joint stock company, joint
31 venture, corporation, limited liability company, or a
32 receiver, trustee, guardian, or other representative
33 appointed by order of any court, the Federal and State
34 governments, including State universities created by statute,

1 or any city, town, county, or other political subdivision of
2 this State.

3 "Purchase at retail" means the acquisition, consumption
4 or use of telecommunications through a sale at retail.

5 "Retailer" means and includes every person engaged in the
6 business of making sales at retail as defined in this
7 Section. The Department may, in its discretion, upon
8 application, authorize the collection of the tax hereby
9 imposed by any retailer not maintaining a place of business
10 within this State, who, to the satisfaction of the
11 Department, furnishes adequate security to insure collection
12 and payment of the tax. Such retailer shall be issued,
13 without charge, a permit to collect such tax. When so
14 authorized, it shall be the duty of such retailer to collect
15 the tax upon all of the gross charges for telecommunications
16 in this State in the same manner and subject to the same
17 requirements as a retailer maintaining a place of business
18 within this State. The permit may be revoked by the
19 Department at its discretion.

20 "Retailer maintaining a place of business in this State",
21 or any like term, means and includes any retailer having or
22 maintaining within this State, directly or by a subsidiary,
23 an office, distribution facilities, transmission facilities,
24 sales office, warehouse or other place of business, or any
25 agent or other representative operating within this State
26 under the authority of the retailer or its subsidiary,
27 irrespective of whether such place of business or agent or
28 other representative is located here permanently or
29 temporarily, or whether such retailer or subsidiary is
30 licensed to do business in this State.

31 "Sale at retail" means the transmitting, supplying or
32 furnishing of telecommunications and all services and
33 equipment provided in connection therewith for a
34 consideration, to persons other than the Federal and State

1 governments, and State universities created by statute and
2 other than between a parent corporation and its wholly owned
3 subsidiaries or between wholly owned subsidiaries for their
4 use or consumption and not for resale.

5 "Service address" means the location of
6 telecommunications equipment from which telecommunications
7 services are originated or at which telecommunications
8 services are received by a taxpayer. In the event this may
9 not be a defined location, as in the case of mobile phones,
10 paging systems, and maritime systems, service address means
11 the customer's place of primary use as defined in the Mobile
12 Telecommunications Sourcing Conformity Act. For
13 air-to-ground systems and the like, "service address" shall
14 mean the location of a taxpayer's primary use of the
15 telecommunications equipment as defined by telephone number,
16 authorization code, or location in Illinois where bills are
17 sent.

18 "Taxpayer" means a person who individually or through his
19 or her agents, employees, or permittees engages in the act or
20 privilege of originating or receiving telecommunications in a
21 municipality and who incurs a tax liability as authorized by
22 this Act.

23 "Telecommunications", in addition to the meaning
24 ordinarily and popularly ascribed to it, includes, without
25 limitation, messages or information transmitted through use
26 of local, toll, and wide area telephone service, private line
27 services, channel services, telegraph services,
28 teletypewriter, computer exchange services, cellular mobile
29 telecommunications service, specialized mobile radio,
30 stationary two-way radio, paging service, or any other form
31 of mobile and portable one-way or two-way communications, or
32 any other transmission of messages or information by
33 electronic or similar means, between or among points by wire,
34 cable, fiber optics, laser, microwave, radio, satellite, or

1 similar facilities. As used in this Act, "private line"
 2 means a dedicated non-traffic sensitive service for a single
 3 customer, that entitles the customer to exclusive or priority
 4 use of a communications channel or group of channels, from
 5 one or more specified locations to one or more other
 6 specified locations. The definition of "telecommunications"
 7 shall not include value added services in which computer
 8 processing applications are used to act on the form, content,
 9 code, and protocol of the information for purposes other than
 10 transmission. "Telecommunications" shall not include
 11 purchases of telecommunications by a telecommunications
 12 service provider for use as a component part of the service
 13 provided by such provider to the ultimate retail consumer who
 14 originates or terminates the taxable end-to-end
 15 communications. Carrier access charges, right of access
 16 charges, charges for use of inter-company facilities, and all
 17 telecommunications resold in the subsequent provision of,
 18 used as a component of, or integrated into, end-to-end
 19 telecommunications service shall be non-taxable as sales for
 20 resale. Prepaid telephone calling arrangements shall not be
 21 considered "telecommunications" subject to the tax imposed
 22 under this Act. For purposes of this Section, "prepaid
 23 telephone calling arrangements" means that term as defined in
 24 Section 2-27 of the Retailers' Occupations Tax Act.

25 (Source: P.A. 92-526, eff. 7-1-02.)

26 (Text of Section after amendment by P.A. 92-878)

27 Sec. 5-7. Definitions. For purposes of the taxes
 28 authorized by this Act:

29 "Amount paid" means the amount charged to the taxpayer's
 30 service address in such municipality regardless of where such
 31 amount is billed or paid.

32 "Department" means the Illinois Department of Revenue.

33 "Gross charge" means the amount paid for the act or
 34 privilege of originating or receiving telecommunications in

1 such municipality and for all services and equipment provided
2 in connection therewith by a retailer, valued in money
3 whether paid in money or otherwise, including cash, credits,
4 services and property of every kind or nature, and shall be
5 determined without any deduction on account of the cost of
6 such telecommunications, the cost of the materials used,
7 labor or service costs or any other expense whatsoever. In
8 case credit is extended, the amount thereof shall be included
9 only as and when paid. "Gross charges" for private line
10 service shall include charges imposed at each channel
11 termination point within a municipality that has imposed a
12 tax under this Section and this--State, charges for the
13 ~~channel-mileage-between-each-channel-point-within-this-State,~~
14 ~~and-charges-for-that~~ portion of the interstate inter-office
15 channels ~~channel~~ provided within that municipality ~~Illinois~~.
16 Charges for that portion of the interstate inter-office
17 channel connecting 2 or more channel termination points, one
18 or more of which is located within the jurisdictional
19 boundary of such municipality, shall be determined by the
20 retailer by multiplying an amount equal to the total charge
21 for the inter-office channel by a fraction, the numerator of
22 which is the number of channel termination points that are
23 located within the jurisdictional boundary of the
24 municipality and the denominator of which is the total number
25 of channel termination points connected by the inter-office
26 channel. Prior to January 1, 2004, any method consistent with
27 this paragraph or other method that reasonably apportions the
28 total charges for inter-office channels among the
29 municipalities in which channel termination points are
30 located shall be accepted as a reasonable method to determine
31 the taxable portion of an inter-office channel provided
32 within a municipality for that period ~~provided-in-Illinois~~
33 ~~shall-be-determined-by-the--retailer--as--follows:---(i)--for~~
34 ~~interstate-inter-office-channels-having-2-channel-termination~~

1 points, only one of which is in Illinois, 50% of the total
 2 charge imposed; (ii) for interstate inter-office channels
 3 having more than 2 channel termination points, one or more of
 4 which are in Illinois, an amount equal to the total charge
 5 multiplied by a fraction, the numerator of which is the
 6 number of channel termination points within Illinois and the
 7 denominator of which is the total number of channel
 8 termination points; or (iii) any other method that reasonably
 9 apportion the total charges for interstate inter-office
 10 channels among the states in which channel termination points
 11 are located. Prior to June 1, 2003, any apportionment method
 12 consistent with this paragraph shall be accepted as a
 13 reasonable method to determine the charges for that portion
 14 of the interstate inter-office channel provided within
 15 Illinois for that period. However, "gross charge" shall not
 16 include any of the following:

17 (1) Any amounts added to a purchaser's bill because
 18 of a charge made pursuant to: (i) the tax imposed by this
 19 Act, (ii) the tax imposed by the Telecommunications
 20 Excise Tax Act, (iii) the tax imposed by Section 4251 of
 21 the Internal Revenue Code, (iv) 911 surcharges, or (v)
 22 charges added to customers' bills pursuant to the
 23 provisions of Section 9-221 or 9-222 of the Public
 24 Utilities Act, as amended, or any similar charges added
 25 to customers' bills by retailers who are not subject to
 26 rate regulation by the Illinois Commerce Commission for
 27 the purpose of recovering any of the tax liabilities or
 28 other amounts specified in those provisions of the Public
 29 Utilities Act.

30 (2) Charges for a sent collect telecommunication
 31 received outside of such municipality.

32 (3) Charges for leased time on equipment or charges
 33 for the storage of data or information for subsequent
 34 retrieval or the processing of data or information

1 intended to change its form or content. Such equipment
2 includes, but is not limited to, the use of calculators,
3 computers, data processing equipment, tabulating
4 equipment or accounting equipment and also includes the
5 usage of computers under a time-sharing agreement.

6 (4) Charges for customer equipment, including such
7 equipment that is leased or rented by the customer from
8 any source, wherein such charges are disaggregated and
9 separately identified from other charges.

10 (5) Charges to business enterprises certified as
11 exempt under Section 9-222.1 of the Public Utilities Act
12 to the extent of such exemption and during the period of
13 time specified by the Department of Commerce and
14 Community Affairs.

15 (6) Charges for telecommunications and all services
16 and equipment provided in connection therewith between a
17 parent corporation and its wholly owned subsidiaries or
18 between wholly owned subsidiaries when the tax imposed
19 under this Act has already been paid to a retailer and
20 only to the extent that the charges between the parent
21 corporation and wholly owned subsidiaries or between
22 wholly owned subsidiaries represent expense allocation
23 between the corporations and not the generation of profit
24 for the corporation rendering such service.

25 (7) Bad debts ("bad debt" means any portion of a
26 debt that is related to a sale at retail for which gross
27 charges are not otherwise deductible or excludable that
28 has become worthless or uncollectible, as determined
29 under applicable federal income tax standards; if the
30 portion of the debt deemed to be bad is subsequently
31 paid, the retailer shall report and pay the tax on that
32 portion during the reporting period in which the payment
33 is made).

34 (8) Charges paid by inserting coins in

1 coin-operated telecommunication devices.

2 (9) Amounts paid by telecommunications retailers
3 under the Telecommunications Infrastructure Maintenance
4 Fee Act.

5 (10) Charges for nontaxable services or
6 telecommunications if (i) those charges are aggregated
7 with other charges for telecommunications that are
8 taxable, (ii) those charges are not separately stated on
9 the customer bill or invoice, and (iii) the retailer can
10 reasonably identify the nontaxable charges on the
11 retailer's books and records kept in the regular course
12 of business. If the nontaxable charges cannot reasonably
13 be identified, the gross charge from the sale of both
14 taxable and nontaxable services or telecommunications
15 billed on a combined basis shall be attributed to the
16 taxable services or telecommunications. The burden of
17 proving nontaxable charges shall be on the retailer of
18 the telecommunications.

19 "Interstate telecommunications" means all
20 telecommunications that either originate or terminate outside
21 this State.

22 "Intrastate telecommunications" means all
23 telecommunications that originate and terminate within this
24 State.

25 "Person" means any natural individual, firm, trust,
26 estate, partnership, association, joint stock company, joint
27 venture, corporation, limited liability company, or a
28 receiver, trustee, guardian, or other representative
29 appointed by order of any court, the Federal and State
30 governments, including State universities created by statute,
31 or any city, town, county, or other political subdivision of
32 this State.

33 "Purchase at retail" means the acquisition, consumption
34 or use of telecommunications through a sale at retail.

1 "Retailer" means and includes every person engaged in the
2 business of making sales at retail as defined in this
3 Section. The Department may, in its discretion, upon
4 application, authorize the collection of the tax hereby
5 imposed by any retailer not maintaining a place of business
6 within this State, who, to the satisfaction of the
7 Department, furnishes adequate security to insure collection
8 and payment of the tax. Such retailer shall be issued,
9 without charge, a permit to collect such tax. When so
10 authorized, it shall be the duty of such retailer to collect
11 the tax upon all of the gross charges for telecommunications
12 in this State in the same manner and subject to the same
13 requirements as a retailer maintaining a place of business
14 within this State. The permit may be revoked by the
15 Department at its discretion.

16 "Retailer maintaining a place of business in this State",
17 or any like term, means and includes any retailer having or
18 maintaining within this State, directly or by a subsidiary,
19 an office, distribution facilities, transmission facilities,
20 sales office, warehouse or other place of business, or any
21 agent or other representative operating within this State
22 under the authority of the retailer or its subsidiary,
23 irrespective of whether such place of business or agent or
24 other representative is located here permanently or
25 temporarily, or whether such retailer or subsidiary is
26 licensed to do business in this State.

27 "Sale at retail" means the transmitting, supplying or
28 furnishing of telecommunications and all services and
29 equipment provided in connection therewith for a
30 consideration, to persons other than the Federal and State
31 governments, and State universities created by statute and
32 other than between a parent corporation and its wholly owned
33 subsidiaries or between wholly owned subsidiaries for their
34 use or consumption and not for resale.

1 "Service address" means the location of
2 telecommunications equipment from which telecommunications
3 services are originated or at which telecommunications
4 services are received by a taxpayer. In the event this may
5 not be a defined location, as in the case of mobile phones,
6 paging systems, and maritime systems, service address means
7 the customer's place of primary use as defined in the Mobile
8 Telecommunications Sourcing Conformity Act. For
9 air-to-ground systems and the like, "service address" shall
10 mean the location of a taxpayer's primary use of the
11 telecommunications equipment as defined by telephone number,
12 authorization code, or location in Illinois where bills are
13 sent.

14 "Taxpayer" means a person who individually or through his
15 or her agents, employees, or permittees engages in the act or
16 privilege of originating or receiving telecommunications in a
17 municipality and who incurs a tax liability as authorized by
18 this Act.

19 "Telecommunications", in addition to the meaning
20 ordinarily and popularly ascribed to it, includes, without
21 limitation, messages or information transmitted through use
22 of local, toll, and wide area telephone service, private line
23 services, channel services, telegraph services,
24 teletypewriter, computer exchange services, cellular mobile
25 telecommunications service, specialized mobile radio,
26 stationary two-way radio, paging service, or any other form
27 of mobile and portable one-way or two-way communications, or
28 any other transmission of messages or information by
29 electronic or similar means, between or among points by wire,
30 cable, fiber optics, laser, microwave, radio, satellite, or
31 similar facilities. As used in this Act, "private line"
32 means a dedicated non-traffic sensitive service for a single
33 customer, that entitles the customer to exclusive or priority
34 use of a communications channel or group of channels, from

1 one or more specified locations to one or more other
2 specified locations. The definition of "telecommunications"
3 shall not include value added services in which computer
4 processing applications are used to act on the form, content,
5 code, and protocol of the information for purposes other than
6 transmission. "Telecommunications" shall not include
7 purchases of telecommunications by a telecommunications
8 service provider for use as a component part of the service
9 provided by such provider to the ultimate retail consumer who
10 originates or terminates the taxable end-to-end
11 communications. Carrier access charges, right of access
12 charges, charges for use of inter-company facilities, and all
13 telecommunications resold in the subsequent provision of,
14 used as a component of, or integrated into, end-to-end
15 telecommunications service shall be non-taxable as sales for
16 resale. Prepaid telephone calling arrangements shall not be
17 considered "telecommunications" subject to the tax imposed
18 under this Act. For purposes of this Section, "prepaid
19 telephone calling arrangements" means that term as defined in
20 Section 2-27 of the Retailers' Occupation Tax Act.

21 (Source: P.A. 92-526, eff. 7-1-02; 92-878, eff. 1-1-04.)

22 (35 ILCS 636/5-10)

23 Sec. 5-10. Authority. The corporate authorities of any
24 municipality in this State may tax any and all of the
25 following acts or privileges:

26 (a) The act or privilege of originating in such
27 municipality or receiving in such municipality intrastate
28 telecommunications by a person. To prevent actual
29 multi-municipal taxation of the act or privilege that is
30 subject to taxation under this subsection, any taxpayer, upon
31 proof that the taxpayer has paid a tax in another
32 municipality on that event, shall be allowed a credit against
33 any tax enacted pursuant to or authorized by this Section to

1 the extent of the amount of the tax properly due and paid in
2 the municipality that was not previously allowed as a credit
3 against any other municipal tax. However, such tax is not
4 imposed on such act or privilege to the extent such act or
5 privilege may not, under the Constitution and statutes of the
6 United States, be made the subject of taxation by
7 municipalities in this State.

8 (b) The act or privilege of originating in such
9 municipality or receiving in such municipality interstate
10 telecommunications by a person. To prevent actual multi-state
11 or multi-municipal taxation of the act or privilege that is
12 subject to taxation under this subsection, any taxpayer, upon
13 proof that the taxpayer has paid a tax in another state or
14 municipality in this State on such event, shall be allowed a
15 credit against any tax enacted pursuant to or authorized by
16 this Section to the extent of the amount of such tax properly
17 due and paid in such other state or such tax properly due and
18 paid in a municipality in this State which was not previously
19 allowed as a credit against any other state or local tax in
20 this State. However, such tax is not imposed on the act or
21 privilege to the extent such act or privilege may not, under
22 the Constitution and statutes of the United States, be made
23 the subject of taxation by municipalities in this State.

24 (Source: P.A. 92-526, eff. 7-1-02.)

25 (35 ILCS 636/5-20)

26 Sec. 5-20. Imposition.

27 (a) On and after January 1, 2003, for municipalities
28 with populations of less than 500,000, the tax authorized by
29 this Act shall be imposed (except as provided in Sections
30 5-25 and 5-30 of this Act), amended, or repealed by an
31 ordinance adopted by the municipality. Upon adoption of the
32 ordinance authorizing the imposition, amendment, or repeal,
33 the municipal clerk shall transmit a certified copy of that

1 ordinance to the Department. The Department shall determine
2 within 10 days after the receipt of the ordinance whether the
3 ordinance meets the criteria under this Act. If the ordinance
4 meets the criteria, the Department shall grant certification.
5 Upon certification, the Department shall notify the
6 telecommunications retailers of the certified ordinance,
7 ~~which ordinance shall be filed by the municipality with the~~
8 ~~Department pursuant to the rules of the Department.~~

9 (1) Any ordinance adopted by a municipality with a
10 population of less than 500,000 which attempts to impose,
11 amend or repeal the tax authorized by this Act shall be
12 of no force and effect until at least 3 months after
13 certification by properly filed with an appropriate form
14 with the Department and notice to the telecommunications
15 retailers.

16 (2) Any certified copy of an ordinance certified by
17 ~~filed with~~ the Department and notice to the
18 telecommunications provider prior to October 1, 2002
19 shall be effective with respect to gross charges billed
20 by telecommunications retailers on or after January 1,
21 2003 and thereafter any ordinance certified by copy of an
22 ~~ordinance filed with~~ the Department and notice to the
23 telecommunications retailer prior to any April 1 or
24 October 1 shall be effective with respect to gross
25 charges billed by telecommunications retailers on or
26 after the following July 1 or January 1, respectively.

27 (b) On and after January 1, 2003, for municipalities
28 with populations of 500,000 or more, the tax authorized by
29 this Act shall be imposed, amended, or repealed, and any
30 authorized exemptions granted, by the adoption of an
31 ordinance and notification to the telecommunications
32 retailers.

33 (Source: P.A. 92-526, eff. 7-1-02.)

1 Section 95. No acceleration or delay. Where this Act
2 makes changes in a statute that is represented in this Act by
3 text that is not yet or no longer in effect (for example, a
4 Section represented by multiple versions), the use of that
5 text does not accelerate or delay the taking effect of (i)
6 the changes made by this Act or (ii) provisions derived from
7 any other Public Act.

8 Section 99. Effective date. This Act takes effect on
9 January 1, 2004, except that this Section and the changes to
10 Sections 5-10 and 5-20 of the Simplified Municipal
11 Telecommunications Tax Act take effect upon becoming law."