

1 AN ACT in relation to budget implementation.

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

4 Section 5. The Use Tax Act is amended by changing Section
5 3-55 as follows:

6 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

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

11 (a) The use, in this State, of tangible personal property
12 acquired outside this State by a nonresident individual and
13 brought into this State by the individual for his or her own
14 use while temporarily within this State or while passing
15 through this State.

16 (b) The use, in this State, of tangible personal property
17 by an interstate carrier for hire as rolling stock moving in
18 interstate commerce or by lessors under a lease of one year or
19 longer executed or in effect at the time of purchase of
20 tangible personal property by interstate carriers for-hire for
21 use as rolling stock moving in interstate commerce as long as
22 so used by the interstate carriers for-hire, and equipment
23 operated by a telecommunications provider, licensed as a common
24 carrier by the Federal Communications Commission, which is
25 permanently installed in or affixed to aircraft moving in
26 interstate commerce.

27 (c) The use, in this State, by owners, lessors, or shippers
28 of tangible personal property that is utilized by interstate
29 carriers for hire for use as rolling stock moving in interstate
30 commerce as long as so used by the interstate carriers for
31 hire, and equipment operated by a telecommunications provider,
32 licensed as a common carrier by the Federal Communications

1 Commission, which is permanently installed in or affixed to
2 aircraft moving in interstate commerce.

3 (d) The use, in this State, of tangible personal property
4 that is acquired outside this State and caused to be brought
5 into this State by a person who has already paid a tax in
6 another State in respect to the sale, purchase, or use of that
7 property, to the extent of the amount of the tax properly due
8 and paid in the other State.

9 (e) The temporary storage, in this State, of tangible
10 personal property that is acquired outside this State and that,
11 after being brought into this State and stored here
12 temporarily, is used solely outside this State or is physically
13 attached to or incorporated into other tangible personal
14 property that is used solely outside this State, or is altered
15 by converting, fabricating, manufacturing, printing,
16 processing, or shaping, and, as altered, is used solely outside
17 this State.

18 (f) The temporary storage in this State of building
19 materials and fixtures that are acquired either in this State
20 or outside this State by an Illinois registered combination
21 retailer and construction contractor, and that the purchaser
22 thereafter uses outside this State by incorporating that
23 property into real estate located outside this State.

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

32 (h) Except as provided in subsection (h-1), the ~~The~~ use, in
33 this State, of a motor vehicle that was sold in this State to a
34 nonresident, even though the motor vehicle is delivered to the
35 nonresident in this State, if the motor vehicle is not to be
36 titled in this State, and if a drive-away permit is issued to

1 the motor vehicle as provided in Section 3-603 of the Illinois
2 Vehicle Code or if the nonresident purchaser has vehicle
3 registration plates to transfer to the motor vehicle upon
4 returning to his or her home state. The issuance of the
5 drive-away permit or having the out-of-state registration
6 plates to be transferred shall be prima facie evidence that the
7 motor vehicle will not be titled in this State.

8 (h-1) The exemption under subsection (h) does not apply if
9 the state in which the motor vehicle will be titled does not
10 allow a reciprocal exemption for the use in that state of a
11 motor vehicle sold and delivered in that state to an Illinois
12 resident but titled in Illinois. The tax collected under this
13 Act on the sale of a motor vehicle in this State to a resident
14 of another state that does not allow a reciprocal exemption
15 shall be imposed at a rate equal to the state's rate of tax on
16 taxable property in the state in which the purchaser is a
17 resident, except that the tax shall not exceed the tax that
18 would otherwise be imposed under this Act. At the time of the
19 sale, the purchaser shall execute a statement, signed under
20 penalty of perjury, of his or her intent to title the vehicle
21 in the state in which the purchaser is a resident within 30
22 days after the sale and of the fact of the payment to the State
23 of Illinois of tax in an amount equivalent to the state's rate
24 of tax on taxable property in his or her state of residence and
25 shall submit the statement to the appropriate tax collection
26 agency in his or her state of residence. In addition, the
27 retailer must retain a signed copy of the statement in his or
28 her records. Nothing in this subsection shall be construed to
29 require the removal of the vehicle from this state following
30 the filing of an intent to title the vehicle in the purchaser's
31 state of residence if the purchaser titles the vehicle in his
32 or her state of residence within 30 days after the date of
33 sale. The tax collected under this Act in accordance with this
34 subsection (h-1) shall be proportionately distributed as if the
35 tax were collected at the 6.25% general rate imposed under this
36 Act.

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

28 (Source: P.A. 92-16, eff. 6-28-01; 92-488, eff. 8-23-01;
29 92-680, eff. 7-16-02; 92-23, eff. 6-20-03.)

30 Section 10. The Retailers' Occupation Tax Act is amended by
31 changing Section 2-5 as follows:

32 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

33 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
34 sale of the following tangible personal property are exempt

1 from the tax imposed by this Act:

2 (1) Farm chemicals.

3 (2) Farm machinery and equipment, both new and used,
4 including that manufactured on special order, certified by the
5 purchaser to be used primarily for production agriculture or
6 State or federal agricultural programs, including individual
7 replacement parts for the machinery and equipment, including
8 machinery and equipment purchased for lease, and including
9 implements of husbandry defined in Section 1-130 of the
10 Illinois Vehicle Code, farm machinery and agricultural
11 chemical and fertilizer spreaders, and nurse wagons required to
12 be registered under Section 3-809 of the Illinois Vehicle Code,
13 but excluding other motor vehicles required to be registered
14 under the Illinois Vehicle Code. Horticultural polyhouses or
15 hoop houses used for propagating, growing, or overwintering
16 plants shall be considered farm machinery and equipment under
17 this item (2). Agricultural chemical tender tanks and dry boxes
18 shall include units sold separately from a motor vehicle
19 required to be licensed and units sold mounted on a motor
20 vehicle required to be licensed, if the selling price of the
21 tender is separately stated.

22 Farm machinery and equipment shall include precision
23 farming equipment that is installed or purchased to be
24 installed on farm machinery and equipment including, but not
25 limited to, tractors, harvesters, sprayers, planters, seeders,
26 or spreaders. Precision farming equipment includes, but is not
27 limited to, soil testing sensors, computers, monitors,
28 software, global positioning and mapping systems, and other
29 such equipment.

30 Farm machinery and equipment also includes computers,
31 sensors, software, and related equipment used primarily in the
32 computer-assisted operation of production agriculture
33 facilities, equipment, and activities such as, but not limited
34 to, the collection, monitoring, and correlation of animal and
35 crop data for the purpose of formulating animal diets and
36 agricultural chemicals. This item (7) is exempt from the

1 provisions of Section 2-70.

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

8 (4) Until July 1, 2003 and beginning again September 1,
9 2004, graphic arts machinery and equipment, including repair
10 and replacement parts, both new and used, and including that
11 manufactured on special order or purchased for lease, certified
12 by the purchaser to be used primarily for graphic arts
13 production. Equipment includes chemicals or chemicals acting
14 as catalysts but only if the chemicals or chemicals acting as
15 catalysts effect a direct and immediate change upon a graphic
16 arts product.

17 (5) A motor vehicle of the first division, a motor vehicle
18 of the second division that is a self-contained motor vehicle
19 designed or permanently converted to provide living quarters
20 for recreational, camping, or travel use, with direct walk
21 through access to the living quarters from the driver's seat,
22 or a motor vehicle of the second division that is of the van
23 configuration designed for the transportation of not less than
24 7 nor more than 16 passengers, as defined in Section 1-146 of
25 the Illinois Vehicle Code, that is used for automobile renting,
26 as defined in the Automobile Renting Occupation and Use Tax
27 Act.

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

31 (7) Until July 1, 2003, proceeds of that portion of the
32 selling price of a passenger car the sale of which is subject
33 to the Replacement Vehicle Tax.

34 (8) Personal property sold to an Illinois county fair
35 association for use in conducting, operating, or promoting the
36 county fair.

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

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

23 (11) Personal property sold to a governmental body, to a
24 corporation, society, association, foundation, or institution
25 organized and operated exclusively for charitable, religious,
26 or educational purposes, or to a not-for-profit corporation,
27 society, association, foundation, institution, or organization
28 that has no compensated officers or employees and that is
29 organized and operated primarily for the recreation of persons
30 55 years of age or older. A limited liability company may
31 qualify for the exemption under this paragraph only if the
32 limited liability company is organized and operated
33 exclusively for educational purposes. On and after July 1,
34 1987, however, no entity otherwise eligible for this exemption
35 shall make tax-free purchases unless it has an active
36 identification number issued by the Department.

1 (12) Tangible personal property sold to interstate
2 carriers for hire for use as rolling stock moving in interstate
3 commerce or to lessors under leases of one year or longer
4 executed or in effect at the time of purchase by interstate
5 carriers for hire for use as rolling stock moving in interstate
6 commerce and equipment operated by a telecommunications
7 provider, licensed as a common carrier by the Federal
8 Communications Commission, which is permanently installed in
9 or affixed to aircraft moving in interstate commerce.

10 (12-5) On and after July 1, 2003 and through June 30, 2004,
11 motor vehicles of the second division with a gross vehicle
12 weight in excess of 8,000 pounds that are subject to the
13 commercial distribution fee imposed under Section 3-815.1 of
14 the Illinois Vehicle Code. Beginning on July 1, 2004 and
15 through June 30, 2005, the use in this State of motor vehicles
16 of the second division: (i) with a gross vehicle weight rating
17 in excess of 8,000 pounds; (ii) that are subject to the
18 commercial distribution fee imposed under Section 3-815.1 of
19 the Illinois Vehicle Code; and (iii) that are primarily used
20 for commercial purposes. Through June 30, 2005, this exemption
21 applies to repair and replacement parts added after the initial
22 purchase of such a motor vehicle if that motor vehicle is used
23 in a manner that would qualify for the rolling stock exemption
24 otherwise provided for in this Act. For purposes of this
25 paragraph, "used for commercial purposes" means the
26 transportation of persons or property in furtherance of any
27 commercial or industrial enterprise whether for-hire or not.

28 (13) Proceeds from sales to owners, lessors, or shippers of
29 tangible personal property that is utilized by interstate
30 carriers for hire for use as rolling stock moving in interstate
31 commerce and equipment operated by a telecommunications
32 provider, licensed as a common carrier by the Federal
33 Communications Commission, which is permanently installed in
34 or affixed to aircraft moving in interstate commerce.

35 (14) Machinery and equipment that will be used by the
36 purchaser, or a lessee of the purchaser, primarily in the

1 process of manufacturing or assembling tangible personal
2 property for wholesale or retail sale or lease, whether the
3 sale or lease is made directly by the manufacturer or by some
4 other person, whether the materials used in the process are
5 owned by the manufacturer or some other person, or whether the
6 sale or lease is made apart from or as an incident to the
7 seller's engaging in the service occupation of producing
8 machines, tools, dies, jigs, patterns, gauges, or other similar
9 items of no commercial value on special order for a particular
10 purchaser.

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

18 (16) Petroleum products sold to a purchaser if the seller
19 is prohibited by federal law from charging tax to the
20 purchaser.

21 (17) Tangible personal property sold to a common carrier by
22 rail or motor that receives the physical possession of the
23 property in Illinois and that transports the property, or
24 shares with another common carrier in the transportation of the
25 property, out of Illinois on a standard uniform bill of lading
26 showing the seller of the property as the shipper or consignor
27 of the property to a destination outside Illinois, for use
28 outside Illinois.

29 (18) Legal tender, currency, medallions, or gold or silver
30 coinage issued by the State of Illinois, the government of the
31 United States of America, or the government of any foreign
32 country, and bullion.

33 (19) Until July 1 2003, oil field exploration, drilling,
34 and production equipment, including (i) rigs and parts of rigs,
35 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
36 tubular goods, including casing and drill strings, (iii) pumps

1 and pump-jack units, (iv) storage tanks and flow lines, (v) any
2 individual replacement part for oil field exploration,
3 drilling, and production equipment, and (vi) machinery and
4 equipment purchased for lease; but excluding motor vehicles
5 required to be registered under the Illinois Vehicle Code.

6 (20) Photoprocessing machinery and equipment, including
7 repair and replacement parts, both new and used, including that
8 manufactured on special order, certified by the purchaser to be
9 used primarily for photoprocessing, and including
10 photoprocessing machinery and equipment purchased for lease.

11 (21) Until July 1, 2003, coal exploration, mining,
12 offhighway hauling, processing, maintenance, and reclamation
13 equipment, including replacement parts and equipment, and
14 including equipment purchased for lease, but excluding motor
15 vehicles required to be registered under the Illinois Vehicle
16 Code.

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

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

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

33 (25) Except as provided in item (25-5) of this Section, a A
34 motor vehicle sold in this State to a nonresident even though
35 the motor vehicle is delivered to the nonresident in this
36 State, if the motor vehicle is not to be titled in this State,

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

9 (25-5) The exemption under item (25) does not apply if the
10 state in which the motor vehicle will be titled does not allow
11 a reciprocal exemption for a motor vehicle sold and delivered
12 in that state to an Illinois resident but titled in Illinois.
13 The tax collected under this Act on the sale of a motor vehicle
14 in this State to a resident of another state that does not
15 allow a reciprocal exemption shall be imposed at a rate equal
16 to the state's rate of tax on taxable property in the state in
17 which the purchaser is a resident, except that the tax shall
18 not exceed the tax that would otherwise be imposed under this
19 Act. At the time of the sale, the purchaser shall execute a
20 statement, signed under penalty of perjury, of his or her
21 intent to title the vehicle in the state in which the purchaser
22 is a resident within 30 days after the sale and of the fact of
23 the payment to the State of Illinois of tax in an amount
24 equivalent to the state's rate of tax on taxable property in
25 his or her state of residence and shall submit the statement to
26 the appropriate tax collection agency in his or her state of
27 residence. In addition, the retailer must retain a signed copy
28 of the statement in his or her records. Nothing in this item
29 shall be construed to require the removal of the vehicle from
30 this state following the filing of an intent to title the
31 vehicle in the purchaser's state of residence if the purchaser
32 titles the vehicle in his or her state of residence within 30
33 days after the date of sale. The tax collected under this Act
34 in accordance with this item (25-5) shall be proportionately
35 distributed as if the tax were collected at the 6.25% general
36 rate imposed under this Act.

1 (26) Semen used for artificial insemination of livestock
2 for direct agricultural production.

3 (27) Horses, or interests in horses, registered with and
4 meeting the requirements of any of the Arabian Horse Club
5 Registry of America, Appaloosa Horse Club, American Quarter
6 Horse Association, United States Trotting Association, or
7 Jockey Club, as appropriate, used for purposes of breeding or
8 racing for prizes.

9 (28) Computers and communications equipment utilized for
10 any hospital purpose and equipment used in the diagnosis,
11 analysis, or treatment of hospital patients sold to a lessor
12 who leases the equipment, under a lease of one year or longer
13 executed or in effect at the time of the purchase, to a
14 hospital that has been issued an active tax exemption
15 identification number by the Department under Section 1g of
16 this Act.

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

22 (30) Beginning with taxable years ending on or after
23 December 31, 1995 and ending with taxable years ending on or
24 before December 31, 2004, personal property that is donated for
25 disaster relief to be used in a State or federally declared
26 disaster area in Illinois or bordering Illinois by a
27 manufacturer or retailer that is registered in this State to a
28 corporation, society, association, foundation, or institution
29 that has been issued a sales tax exemption identification
30 number by the Department that assists victims of the disaster
31 who reside within the declared disaster area.

32 (31) Beginning with taxable years ending on or after
33 December 31, 1995 and ending with taxable years ending on or
34 before December 31, 2004, personal property that is used in the
35 performance of infrastructure repairs in this State, including
36 but not limited to municipal roads and streets, access roads,

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

8 (32) Beginning July 1, 1999, game or game birds sold at a
9 "game breeding and hunting preserve area" or an "exotic game
10 hunting area" as those terms are used in the Wildlife Code or
11 at a hunting enclosure approved through rules adopted by the
12 Department of Natural Resources. This paragraph is exempt from
13 the provisions of Section 2-70.

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

32 (34) Beginning January 1, 2000, personal property,
33 including food, purchased through fundraising events for the
34 benefit of a public or private elementary or secondary school,
35 a group of those schools, or one or more school districts if
36 the events are sponsored by an entity recognized by the school

1 district that consists primarily of volunteers and includes
2 parents and teachers of the school children. This paragraph
3 does not apply to fundraising events (i) for the benefit of
4 private home instruction or (ii) for which the fundraising
5 entity purchases the personal property sold at the events from
6 another individual or entity that sold the property for the
7 purpose of resale by the fundraising entity and that profits
8 from the sale to the fundraising entity. This paragraph is
9 exempt from the provisions of Section 2-70.

10 (35) Beginning January 1, 2000 and through December 31,
11 2001, new or used automatic vending machines that prepare and
12 serve hot food and beverages, including coffee, soup, and other
13 items, and replacement parts for these machines. Beginning
14 January 1, 2002 and through June 30, 2003, machines and parts
15 for machines used in commercial, coin-operated amusement and
16 vending business if a use or occupation tax is paid on the
17 gross receipts derived from the use of the commercial,
18 coin-operated amusement and vending machines. This paragraph
19 is exempt from the provisions of Section 2-70.

20 (35-5) Food for human consumption that is to be consumed
21 off the premises where it is sold (other than alcoholic
22 beverages, soft drinks, and food that has been prepared for
23 immediate consumption) and prescription and nonprescription
24 medicines, drugs, medical appliances, and insulin, urine
25 testing materials, syringes, and needles used by diabetics, for
26 human use, when purchased for use by a person receiving medical
27 assistance under Article 5 of the Illinois Public Aid Code who
28 resides in a licensed long-term care facility, as defined in
29 the Nursing Home Care Act.

30 (36) Beginning August 2, 2001, computers and
31 communications equipment utilized for any hospital purpose and
32 equipment used in the diagnosis, analysis, or treatment of
33 hospital patients sold to a lessor who leases the equipment,
34 under a lease of one year or longer executed or in effect at
35 the time of the purchase, to a hospital that has been issued an
36 active tax exemption identification number by the Department

1 under Section 1g of this Act. This paragraph is exempt from the
2 provisions of Section 2-70.

3 (37) Beginning August 2, 2001, personal property sold to a
4 lessor who leases the property, under a lease of one year or
5 longer executed or in effect at the time of the purchase, to a
6 governmental body that has been issued an active tax exemption
7 identification number by the Department under Section 1g of
8 this Act. This paragraph is exempt from the provisions of
9 Section 2-70.

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

32 (Source: P.A. 92-16, eff. 6-28-01; 92-35, eff. 7-1-01; 92-227,
33 eff. 8-2-01; 92-337, eff. 8-10-01; 92-484, eff. 8-23-01;
34 92-488, eff. 8-23-01; 92-651, eff. 7-11-02; 92-680, eff.
35 7-16-02; 93-23, eff. 6-20-03; 93-24, eff. 6-20-03; 93-840, eff.
36 7-30-04; 93-1033, eff. 9-3-04; revised 9-14-04.)

1 Section 12. The Uniform Penalty and Interest Act is amended
2 by changing Section 3-3 as follows:

3 (35 ILCS 735/3-3) (from Ch. 120, par. 2603-3)

4 Sec. 3-3. Penalty for failure to file or pay.

5 (a) This subsection (a) is applicable before January 1,
6 1996. A penalty of 5% of the tax required to be shown due on a
7 return shall be imposed for failure to file the tax return on
8 or before the due date prescribed for filing determined with
9 regard for any extension of time for filing (penalty for late
10 filing or nonfiling). If any unprocessable return is corrected
11 and filed within 21 days after notice by the Department, the
12 late filing or nonfiling penalty shall not apply. If a penalty
13 for late filing or nonfiling is imposed in addition to a
14 penalty for late payment, the total penalty due shall be the
15 sum of the late filing penalty and the applicable late payment
16 penalty. Beginning on the effective date of this amendatory Act
17 of 1995, in the case of any type of tax return required to be
18 filed more frequently than annually, when the failure to file
19 the tax return on or before the date prescribed for filing
20 (including any extensions) is shown to be nonfraudulent and has
21 not occurred in the 2 years immediately preceding the failure
22 to file on the prescribed due date, the penalty imposed by
23 Section 3-3(a) shall be abated.

24 (a-5) This subsection (a-5) is applicable to returns due on
25 and after January 1, 1996 and on or before December 31, 2000. A
26 penalty equal to 2% of the tax required to be shown due on a
27 return, up to a maximum amount of \$250, determined without
28 regard to any part of the tax that is paid on time or by any
29 credit that was properly allowable on the date the return was
30 required to be filed, shall be imposed for failure to file the
31 tax return on or before the due date prescribed for filing
32 determined with regard for any extension of time for filing.
33 However, if any return is not filed within 30 days after notice
34 of nonfiling mailed by the Department to the last known address

1 of the taxpayer contained in Department records, an additional
2 penalty amount shall be imposed equal to the greater of \$250 or
3 2% of the tax shown on the return. However, the additional
4 penalty amount may not exceed \$5,000 and is determined without
5 regard to any part of the tax that is paid on time or by any
6 credit that was properly allowable on the date the return was
7 required to be filed (penalty for late filing or nonfiling). If
8 any unprocessable return is corrected and filed within 30 days
9 after notice by the Department, the late filing or nonfiling
10 penalty shall not apply. If a penalty for late filing or
11 nonfiling is imposed in addition to a penalty for late payment,
12 the total penalty due shall be the sum of the late filing
13 penalty and the applicable late payment penalty. In the case of
14 any type of tax return required to be filed more frequently
15 than annually, when the failure to file the tax return on or
16 before the date prescribed for filing (including any
17 extensions) is shown to be nonfraudulent and has not occurred
18 in the 2 years immediately preceding the failure to file on the
19 prescribed due date, the penalty imposed by Section 3-3(a-5)
20 shall be abated.

21 (a-10) This subsection (a-10) is applicable to returns due
22 on and after January 1, 2001. A penalty equal to 2% of the tax
23 required to be shown due on a return, up to a maximum amount of
24 \$250, reduced by any tax that is paid on time or by any credit
25 that was properly allowable on the date the return was required
26 to be filed, shall be imposed for failure to file the tax
27 return on or before the due date prescribed for filing
28 determined with regard for any extension of time for filing.
29 However, if any return is not filed within 30 days after notice
30 of nonfiling mailed by the Department to the last known address
31 of the taxpayer contained in Department records, an additional
32 penalty amount shall be imposed equal to the greater of \$250 or
33 2% of the tax shown on the return. However, the additional
34 penalty amount may not exceed \$5,000 and is determined without
35 regard to any part of the tax that is paid on time or by any
36 credit that was properly allowable on the date the return was

1 required to be filed (penalty for late filing or nonfiling). If
2 any unprocessable return is corrected and filed within 30 days
3 after notice by the Department, the late filing or nonfiling
4 penalty shall not apply. If a penalty for late filing or
5 nonfiling is imposed in addition to a penalty for late payment,
6 the total penalty due shall be the sum of the late filing
7 penalty and the applicable late payment penalty. In the case of
8 any type of tax return required to be filed more frequently
9 than annually, when the failure to file the tax return on or
10 before the date prescribed for filing (including any
11 extensions) is shown to be nonfraudulent and has not occurred
12 in the 2 years immediately preceding the failure to file on the
13 prescribed due date, the penalty imposed by Section 3-3(a-10)
14 shall be abated.

15 (b) This subsection is applicable before January 1, 1998. A
16 penalty of 15% of the tax shown on the return or the tax
17 required to be shown due on the return shall be imposed for
18 failure to pay:

19 (1) the tax shown due on the return on or before the
20 due date prescribed for payment of that tax, an amount of
21 underpayment of estimated tax, or an amount that is
22 reported in an amended return other than an amended return
23 timely filed as required by subsection (b) of Section 506
24 of the Illinois Income Tax Act (penalty for late payment or
25 nonpayment of admitted liability); or

26 (2) the full amount of any tax required to be shown due
27 on a return and which is not shown (penalty for late
28 payment or nonpayment of additional liability), within 30
29 days after a notice of arithmetic error, notice and demand,
30 or a final assessment is issued by the Department. In the
31 case of a final assessment arising following a protest and
32 hearing, the 30-day period shall not begin until all
33 proceedings in court for review of the final assessment
34 have terminated or the period for obtaining a review has
35 expired without proceedings for a review having been
36 instituted. In the case of a notice of tax liability that

1 becomes a final assessment without a protest and hearing,
2 the penalty provided in this paragraph (2) shall be imposed
3 at the expiration of the period provided for the filing of
4 a protest.

5 (b-5) This subsection is applicable to returns due on and
6 after January 1, 1998 and on or before December 31, 2000. A
7 penalty of 20% of the tax shown on the return or the tax
8 required to be shown due on the return shall be imposed for
9 failure to pay:

10 (1) the tax shown due on the return on or before the
11 due date prescribed for payment of that tax, an amount of
12 underpayment of estimated tax, or an amount that is
13 reported in an amended return other than an amended return
14 timely filed as required by subsection (b) of Section 506
15 of the Illinois Income Tax Act (penalty for late payment or
16 nonpayment of admitted liability); or

17 (2) the full amount of any tax required to be shown due
18 on a return and which is not shown (penalty for late
19 payment or nonpayment of additional liability), within 30
20 days after a notice of arithmetic error, notice and demand,
21 or a final assessment is issued by the Department. In the
22 case of a final assessment arising following a protest and
23 hearing, the 30-day period shall not begin until all
24 proceedings in court for review of the final assessment
25 have terminated or the period for obtaining a review has
26 expired without proceedings for a review having been
27 instituted. In the case of a notice of tax liability that
28 becomes a final assessment without a protest and hearing,
29 the penalty provided in this paragraph (2) shall be imposed
30 at the expiration of the period provided for the filing of
31 a protest.

32 (b-10) This subsection (b-10) is applicable to returns due
33 on and after January 1, 2001 and on or before December 31,
34 2003. A penalty shall be imposed for failure to pay:

35 (1) the tax shown due on a return on or before the due
36 date prescribed for payment of that tax, an amount of

1 underpayment of estimated tax, or an amount that is
2 reported in an amended return other than an amended return
3 timely filed as required by subsection (b) of Section 506
4 of the Illinois Income Tax Act (penalty for late payment or
5 nonpayment of admitted liability). The amount of penalty
6 imposed under this subsection (b-10) (1) shall be 2% of any
7 amount that is paid no later than 30 days after the due
8 date, 5% of any amount that is paid later than 30 days
9 after the due date and not later than 90 days after the due
10 date, 10% of any amount that is paid later than 90 days
11 after the due date and not later than 180 days after the
12 due date, and 15% of any amount that is paid later than 180
13 days after the due date. If notice and demand is made for
14 the payment of any amount of tax due and if the amount due
15 is paid within 30 days after the date of the notice and
16 demand, then the penalty for late payment or nonpayment of
17 admitted liability under this subsection (b-10) (1) on the
18 amount so paid shall not accrue for the period after the
19 date of the notice and demand.

20 (2) the full amount of any tax required to be shown due
21 on a return and that is not shown (penalty for late payment
22 or nonpayment of additional liability), within 30 days
23 after a notice of arithmetic error, notice and demand, or a
24 final assessment is issued by the Department. In the case
25 of a final assessment arising following a protest and
26 hearing, the 30-day period shall not begin until all
27 proceedings in court for review of the final assessment
28 have terminated or the period for obtaining a review has
29 expired without proceedings for a review having been
30 instituted. The amount of penalty imposed under this
31 subsection (b-10) (2) shall be 20% of any amount that is not
32 paid within the 30-day period. In the case of a notice of
33 tax liability that becomes a final assessment without a
34 protest and hearing, the penalty provided in this
35 subsection (b-10) (2) shall be imposed at the expiration of
36 the period provided for the filing of a protest.

1 (b-15) This subsection (b-15) is applicable to returns due
2 on and after January 1, 2004 and on or before December 31,
3 2004. ~~(1)~~ A penalty shall be imposed for failure to pay the tax
4 shown due or required to be shown due on a return on or before
5 the due date prescribed for payment of that tax, an amount of
6 underpayment of estimated tax, or an amount that is reported in
7 an amended return other than an amended return timely filed as
8 required by subsection (b) of Section 506 of the Illinois
9 Income Tax Act (penalty for late payment or nonpayment of
10 admitted liability). The amount of penalty imposed under this
11 subsection (b-15) (1) shall be 2% of any amount that is paid no
12 later than 30 days after the due date, 10% of any amount that
13 is paid later than 30 days after the due date and not later
14 than 90 days after the due date, 15% of any amount that is paid
15 later than 90 days after the due date and not later than 180
16 days after the due date, and 20% of any amount that is paid
17 later than 180 days after the due date. If notice and demand is
18 made for the payment of any amount of tax due and if the amount
19 due is paid within 30 days after the date of this notice and
20 demand, then the penalty for late payment or nonpayment of
21 admitted liability under this subsection (b-15) (1) on the
22 amount so paid shall not accrue for the period after the date
23 of the notice and demand.

24 ~~(2) A penalty shall be imposed for failure to file a~~
25 ~~return or to show on a timely return the full amount of any~~
26 ~~tax required to be shown due. The amount of penalty imposed~~
27 ~~under this subsection (b-15) (2) shall be:~~

28 ~~(A) 5% of any amount of tax (other than an amount~~
29 ~~properly reported on an amended return timely filed as~~
30 ~~required by subsection (b) of Section 506 of the~~
31 ~~Illinois Income Tax Act) that is shown on a return or~~
32 ~~amended return filed prior to the date the Department~~
33 ~~has initiated an audit or investigation of the~~
34 ~~taxpayer;~~

35 ~~(B) 10% of any amount of tax (other than an amount~~
36 ~~properly reported on an amended return timely filed as~~

1 ~~required by subsection (b) of Section 506 of the~~
2 ~~Illinois Income Tax Act) that is shown on a return or~~
3 ~~amended return filed on or after the date the~~
4 ~~Department has initiated an audit or investigation of~~
5 ~~the taxpayer, but prior to the date any notice of~~
6 ~~deficiency, notice of tax liability, notice of~~
7 ~~assessment or notice of final assessment is issued by~~
8 ~~the Department with respect to any portion of such~~
9 ~~underreported amount; or~~

10 ~~(C) 20% of any amount that is not reported on a~~
11 ~~return or amended return filed prior to the date any~~
12 ~~notice of deficiency, notice of tax liability, notice~~
13 ~~of assessment or notice of final assessment is issued~~
14 ~~by the Department with respect to any portion of such~~
15 ~~underreported amount.~~

16 (b-20) This subsection (b-20) is applicable to returns due
17 on and after January 1, 2005.

18 (1) A penalty shall be imposed for failure to pay,
19 prior to the due date for payment, any amount of tax the
20 payment of which is required to be made prior to the filing
21 of a return or without a return (penalty for late payment
22 or nonpayment of estimated or accelerated tax). The amount
23 of penalty imposed under this paragraph (1) shall be 2% of
24 any amount that is paid no later than 30 days after the due
25 date and 10% of any amount that is paid later than 30 days
26 after the due date.

27 (2) A penalty shall be imposed for failure to pay the
28 tax shown due or required to be shown due on a return on or
29 before the due date prescribed for payment of that tax or
30 an amount that is reported in an amended return other than
31 an amended return timely filed as required by subsection
32 (b) of Section 506 of the Illinois Income Tax Act (penalty
33 for late payment or nonpayment of tax). The amount of
34 penalty imposed under this paragraph (2) shall be 2% of any
35 amount that is paid no later than 30 days after the due
36 date, 10% of any amount that is paid later than 30 days

1 after the due date and prior to the date the Department has
2 initiated an audit or investigation of the taxpayer, and
3 20% of any amount that is paid after the date the
4 Department has initiated an audit or investigation of the
5 taxpayer; provided that the penalty shall be reduced to 15%
6 if the entire amount due is paid not later than 30 days
7 after the Department has provided the taxpayer with an
8 amended return (following completion of an occupation,
9 use, or excise tax audit) or a form for waiver of
10 restrictions on assessment (following completion of an
11 income tax audit); provided further that the reduction to
12 15% shall be rescinded if the taxpayer makes any claim for
13 refund or credit of the tax, penalties, or interest
14 determined to be due upon audit, except in the case of a
15 claim filed pursuant to subsection (b) of Section 506 of
16 the Illinois Income Tax Act or to claim a carryover of a
17 loss or credit, the availability of which was not
18 determined in the audit. For purposes of this paragraph
19 (2), any overpayment reported on an original return that
20 has been allowed as a refund or credit to the taxpayer
21 shall be deemed to have not been paid on or before the due
22 date for payment and any amount paid under protest pursuant
23 to the provisions of the State Officers and Employees Money
24 Disposition Act shall be deemed to have been paid after the
25 Department has initiated an audit and more than 30 days
26 after the Department has provided the taxpayer with an
27 amended return (following completion of an occupation,
28 use, or excise tax audit) or a form for waiver of
29 restrictions on assessment (following completion of an
30 income tax audit).

31 (3) The penalty imposed under this subsection (b-20)
32 shall be deemed assessed at the time the tax upon which the
33 penalty is computed is assessed, except that, if the
34 reduction of the penalty imposed under paragraph (2) of
35 this subsection (b-20) to 15% is rescinded because a claim
36 for refund or credit has been filed, the increase in

1 penalty shall be deemed assessed at the time the claim for
2 refund or credit is filed.

3 (c) For purposes of the late payment penalties, the basis
4 of the penalty shall be the tax shown or required to be shown
5 on a return, whichever is applicable, reduced by any part of
6 the tax which is paid on time and by any credit which was
7 properly allowable on the date the return was required to be
8 filed.

9 (d) A penalty shall be applied to the tax required to be
10 shown even if that amount is less than the tax shown on the
11 return.

12 (e) This subsection (e) is applicable to returns due before
13 January 1, 2001. If both a subsection (b)(1) or (b-5)(1)
14 penalty and a subsection (b)(2) or (b-5)(2) penalty are
15 assessed against the same return, the subsection (b)(2) or
16 (b-5)(2) penalty shall be assessed against only the additional
17 tax found to be due.

18 (e-5) This subsection (e-5) is applicable to returns due on
19 and after January 1, 2001. If both a subsection (b-10)(1)
20 penalty and a subsection (b-10)(2) penalty are assessed against
21 the same return, the subsection (b-10)(2) penalty shall be
22 assessed against only the additional tax found to be due.

23 (f) If the taxpayer has failed to file the return, the
24 Department shall determine the correct tax according to its
25 best judgment and information, which amount shall be prima
26 facie evidence of the correctness of the tax due.

27 (g) The time within which to file a return or pay an amount
28 of tax due without imposition of a penalty does not extend the
29 time within which to file a protest to a notice of tax
30 liability or a notice of deficiency.

31 (h) No return shall be determined to be unprocessable
32 because of the omission of any information requested on the
33 return pursuant to Section 2505-575 of the Department of
34 Revenue Law (20 ILCS 2505/2505-575).

35 (i) If a taxpayer has a tax liability that is eligible for
36 amnesty under the Tax Delinquency Amnesty Act and the taxpayer

1 fails to satisfy the tax liability during the amnesty period
2 provided for in that Act, then the penalty imposed by the
3 Department under this Section shall be imposed in an amount
4 that is 200% of the amount that would otherwise be imposed
5 under this Section.

6 (Source: P.A. 92-742, eff. 7-25-02; 93-26, eff. 6-20-03; 93-32,
7 eff. 6-20-03; revised 8-1-03.)

8 Section 15. The Local Mass Transit District Act is amended
9 by changing Section 5.01 as follows:

10 (70 ILCS 3610/5.01) (from Ch. 111 2/3, par. 355.01)

11 Sec. 5.01. Metro East Mass Transit District; use and
12 occupation taxes.

13 (a) The Board of Trustees of any Metro East Mass Transit
14 District may, by ordinance adopted with the concurrence of
15 two-thirds of the then trustees, impose throughout the District
16 any or all of the taxes and fees provided in this Section. All
17 taxes and fees imposed under this Section shall be used only
18 for public mass transportation systems, and the amount used to
19 provide mass transit service to unserved areas of the District
20 shall be in the same proportion to the total proceeds as the
21 number of persons residing in the unserved areas is to the
22 total population of the District. Except as otherwise provided
23 in this Act, taxes imposed under this Section and civil
24 penalties imposed incident thereto shall be collected and
25 enforced by the State Department of Revenue. The Department
26 shall have the power to administer and enforce the taxes and to
27 determine all rights for refunds for erroneous payments of the
28 taxes.

29 (b) The Board may impose a Metro East Mass Transit District
30 Retailers' Occupation Tax upon all persons engaged in the
31 business of selling tangible personal property at retail in the
32 district at a rate of 1/4 of 1%, or as authorized under
33 subsection (d-5) of this Section, of the gross receipts from
34 the sales made in the course of such business within the

1 district. The tax imposed under this Section and all civil
2 penalties that may be assessed as an incident thereof shall be
3 collected and enforced by the State Department of Revenue. The
4 Department shall have full power to administer and enforce this
5 Section; to collect all taxes and penalties so collected in the
6 manner hereinafter provided; and to determine all rights to
7 credit memoranda arising on account of the erroneous payment of
8 tax or penalty hereunder. In the administration of, and
9 compliance with, this Section, the Department and persons who
10 are subject to this Section shall have the same rights,
11 remedies, privileges, immunities, powers and duties, and be
12 subject to the same conditions, restrictions, limitations,
13 penalties, exclusions, exemptions and definitions of terms and
14 employ the same modes of procedure, as are prescribed in
15 Sections 1, 1a, 1a-1, 1c, 1d, 1e, 1f, 1i, 1j, 2 through 2-65
16 (in respect to all provisions therein other than the State rate
17 of tax), 2c, 3 (except as to the disposition of taxes and
18 penalties collected), 4, 5, 5a, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j,
19 5k, 5l, 6, 6a, 6b, 6c, 7, 8, 9, 10, 11, 12, 13, and 14 of the
20 Retailers' Occupation Tax Act and Section 3-7 of the Uniform
21 Penalty and Interest Act, as fully as if those provisions were
22 set forth herein.

23 Persons subject to any tax imposed under the Section may
24 reimburse themselves for their seller's tax liability
25 hereunder by separately stating the tax as an additional
26 charge, which charge may be stated in combination, in a single
27 amount, with State taxes that sellers are required to collect
28 under the Use Tax Act, in accordance with such bracket
29 schedules as the Department may prescribe.

30 Whenever the Department determines that a refund should be
31 made under this Section to a claimant instead of issuing a
32 credit memorandum, the Department shall notify the State
33 Comptroller, who shall cause the warrant to be drawn for the
34 amount specified, and to the person named, in the notification
35 from the Department. The refund shall be paid by the State
36 Treasurer out of the Metro East Mass Transit District tax fund

1 established under paragraph (g) of this Section.

2 If a tax is imposed under this subsection (b), a tax shall
3 also be imposed under subsections (c) and (d) of this Section.

4 For the purpose of determining whether a tax authorized
5 under this Section is applicable, a retail sale, by a producer
6 of coal or other mineral mined in Illinois, is a sale at retail
7 at the place where the coal or other mineral mined in Illinois
8 is extracted from the earth. This paragraph does not apply to
9 coal or other mineral when it is delivered or shipped by the
10 seller to the purchaser at a point outside Illinois so that the
11 sale is exempt under the Federal Constitution as a sale in
12 interstate or foreign commerce.

13 No tax shall be imposed or collected under this subsection
14 on the sale of a motor vehicle in this State to a resident of
15 another state if that motor vehicle will not be titled in this
16 State.

17 Nothing in this Section shall be construed to authorize the
18 Metro East Mass Transit District to impose a tax upon the
19 privilege of engaging in any business which under the
20 Constitution of the United States may not be made the subject
21 of taxation by this State.

22 (c) If a tax has been imposed under subsection (b), a Metro
23 East Mass Transit District Service Occupation Tax shall also be
24 imposed upon all persons engaged, in the district, in the
25 business of making sales of service, who, as an incident to
26 making those sales of service, transfer tangible personal
27 property within the District, either in the form of tangible
28 personal property or in the form of real estate as an incident
29 to a sale of service. The tax rate shall be 1/4%, or as
30 authorized under subsection (d-5) of this Section, of the
31 selling price of tangible personal property so transferred
32 within the district. The tax imposed under this paragraph and
33 all civil penalties that may be assessed as an incident thereof
34 shall be collected and enforced by the State Department of
35 Revenue. The Department shall have full power to administer and
36 enforce this paragraph; to collect all taxes and penalties due

1 hereunder; to dispose of taxes and penalties so collected in
2 the manner hereinafter provided; and to determine all rights to
3 credit memoranda arising on account of the erroneous payment of
4 tax or penalty hereunder. In the administration of, and
5 compliance with this paragraph, the Department and persons who
6 are subject to this paragraph shall have the same rights,
7 remedies, privileges, immunities, powers and duties, and be
8 subject to the same conditions, restrictions, limitations,
9 penalties, exclusions, exemptions and definitions of terms and
10 employ the same modes of procedure as are prescribed in
11 Sections 1a-1, 2 (except that the reference to State in the
12 definition of supplier maintaining a place of business in this
13 State shall mean the Authority), 2a, 3 through 3-50 (in respect
14 to all provisions therein other than the State rate of tax), 4
15 (except that the reference to the State shall be to the
16 Authority), 5, 7, 8 (except that the jurisdiction to which the
17 tax shall be a debt to the extent indicated in that Section 8
18 shall be the District), 9 (except as to the disposition of
19 taxes and penalties collected, and except that the returned
20 merchandise credit for this tax may not be taken against any
21 State tax), 10, 11, 12 (except the reference therein to Section
22 2b of the Retailers' Occupation Tax Act), 13 (except that any
23 reference to the State shall mean the District), the first
24 paragraph of Section 15, 16, 17, 18, 19 and 20 of the Service
25 Occupation Tax Act and Section 3-7 of the Uniform Penalty and
26 Interest Act, as fully as if those provisions were set forth
27 herein.

28 Persons subject to any tax imposed under the authority
29 granted in this paragraph may reimburse themselves for their
30 serviceman's tax liability hereunder by separately stating the
31 tax as an additional charge, which charge may be stated in
32 combination, in a single amount, with State tax that servicemen
33 are authorized to collect under the Service Use Tax Act, in
34 accordance with such bracket schedules as the Department may
35 prescribe.

36 Whenever the Department determines that a refund should be

1 made under this paragraph to a claimant instead of issuing a
2 credit memorandum, the Department shall notify the State
3 Comptroller, who shall cause the warrant to be drawn for the
4 amount specified, and to the person named, in the notification
5 from the Department. The refund shall be paid by the State
6 Treasurer out of the Metro East Mass Transit District tax fund
7 established under paragraph (g) of this Section.

8 Nothing in this paragraph shall be construed to authorize
9 the District to impose a tax upon the privilege of engaging in
10 any business which under the Constitution of the United States
11 may not be made the subject of taxation by the State.

12 (d) If a tax has been imposed under subsection (b), a Metro
13 East Mass Transit District Use Tax shall also be imposed upon
14 the privilege of using, in the district, any item of tangible
15 personal property that is purchased outside the district at
16 retail from a retailer, and that is titled or registered with
17 an agency of this State's government, at a rate of 1/4%, or as
18 authorized under subsection (d-5) of this Section, of the
19 selling price of the tangible personal property within the
20 District, as "selling price" is defined in the Use Tax Act. The
21 tax shall be collected from persons whose Illinois address for
22 titling or registration purposes is given as being in the
23 District. The tax shall be collected by the Department of
24 Revenue for the Metro East Mass Transit District. The tax must
25 be paid to the State, or an exemption determination must be
26 obtained from the Department of Revenue, before the title or
27 certificate of registration for the property may be issued. The
28 tax or proof of exemption may be transmitted to the Department
29 by way of the State agency with which, or the State officer
30 with whom, the tangible personal property must be titled or
31 registered if the Department and the State agency or State
32 officer determine that this procedure will expedite the
33 processing of applications for title or registration.

34 The Department shall have full power to administer and
35 enforce this paragraph; to collect all taxes, penalties and
36 interest due hereunder; to dispose of taxes, penalties and

1 interest so collected in the manner hereinafter provided; and
2 to determine all rights to credit memoranda or refunds arising
3 on account of the erroneous payment of tax, penalty or interest
4 hereunder. In the administration of, and compliance with, this
5 paragraph, the Department and persons who are subject to this
6 paragraph shall have the same rights, remedies, privileges,
7 immunities, powers and duties, and be subject to the same
8 conditions, restrictions, limitations, penalties, exclusions,
9 exemptions and definitions of terms and employ the same modes
10 of procedure, as are prescribed in Sections 2 (except the
11 definition of "retailer maintaining a place of business in this
12 State"), 3 through 3-80 (except provisions pertaining to the
13 State rate of tax, and except provisions concerning collection
14 or refunding of the tax by retailers), 4, 11, 12, 12a, 14, 15,
15 19 (except the portions pertaining to claims by retailers and
16 except the last paragraph concerning refunds), 20, 21 and 22 of
17 the Use Tax Act and Section 3-7 of the Uniform Penalty and
18 Interest Act, that are not inconsistent with this paragraph, as
19 fully as if those provisions were set forth herein.

20 Whenever the Department determines that a refund should be
21 made under this paragraph to a claimant instead of issuing a
22 credit memorandum, the Department shall notify the State
23 Comptroller, who shall cause the order to be drawn for the
24 amount specified, and to the person named, in the notification
25 from the Department. The refund shall be paid by the State
26 Treasurer out of the Metro East Mass Transit District tax fund
27 established under paragraph (g) of this Section.

28 (d-5) (A) The county board of any county participating in
29 the Metro East Mass Transit District may authorize, by
30 ordinance, a referendum on the question of whether the tax
31 rates for the Metro East Mass Transit District Retailers'
32 Occupation Tax, the Metro East Mass Transit District Service
33 Occupation Tax, and the Metro East Mass Transit District Use
34 Tax for the District should be increased from 0.25% to 0.75%.
35 Upon adopting the ordinance, the county board shall certify the
36 proposition to the proper election officials who shall submit

1 the proposition to the voters of the District at the next
2 election, in accordance with the general election law.

3 The proposition shall be in substantially the following
4 form:

5 Shall the tax rates for the Metro East Mass Transit
6 District Retailers' Occupation Tax, the Metro East Mass
7 Transit District Service Occupation Tax, and the Metro East
8 Mass Transit District Use Tax be increased from 0.25% to
9 0.75%?

10 (B) Two thousand five hundred electors of any Metro East
11 Mass Transit District may petition the Chief Judge of the
12 Circuit Court, or any judge of that Circuit designated by the
13 Chief Judge, in which that District is located to cause to be
14 submitted to a vote of the electors the question whether the
15 tax rates for the Metro East Mass Transit District Retailers'
16 Occupation Tax, the Metro East Mass Transit District Service
17 Occupation Tax, and the Metro East Mass Transit District Use
18 Tax for the District should be increased from 0.25% to 0.75%.

19 Upon submission of such petition the court shall set a date
20 not less than 10 nor more than 30 days thereafter for a hearing
21 on the sufficiency thereof. Notice of the filing of such
22 petition and of such date shall be given in writing to the
23 District and the County Clerk at least 7 days before the date
24 of such hearing.

25 If such petition is found sufficient, the court shall enter
26 an order to submit that proposition at the next election, in
27 accordance with general election law.

28 The form of the petition shall be in substantially the
29 following form: To the Circuit Court of the County of (name of
30 county):

31 We, the undersigned electors of the (name of transit
32 district), respectfully petition your honor to submit to a
33 vote of the electors of (name of transit district) the
34 following proposition:

35 Shall the tax rates for the Metro East Mass Transit
36 District Retailers' Occupation Tax, the Metro East Mass

1 Transit District Service Occupation Tax, and the Metro East
 2 Mass Transit District Use Tax be increased from 0.25% to
 3 0.75%?

4 Name Address, with Street and Number.

5
 6

7
 8

9 (C) The votes shall be recorded as "YES" or "NO". If a
 10 majority of all votes cast on the proposition are for the
 11 increase in the tax rates, the Metro East Mass Transit District
 12 shall begin imposing the increased rates in the District, and
 13 the Department of Revenue shall begin collecting the increased
 14 amounts, as provided under this Section. An ordinance imposing
 15 or discontinuing a tax hereunder or effecting a change in the
 16 rate thereof shall be adopted and a certified copy thereof
 17 filed with the Department on or before the first day of
 18 October, whereupon the Department shall proceed to administer
 19 and enforce this Section as of the first day of January next
 20 following the adoption and filing.

21 (D) If the voters have approved a referendum under this
 22 subsection, before November 1, 1994, to increase the tax rate
 23 under this subsection, the Metro East Mass Transit District
 24 Board of Trustees may adopt by a majority vote an ordinance at
 25 any time before January 1, 1995 that excludes from the rate
 26 increase tangible personal property that is titled or
 27 registered with an agency of this State's government. The
 28 ordinance excluding titled or registered tangible personal
 29 property from the rate increase must be filed with the
 30 Department at least 15 days before its effective date. At any
 31 time after adopting an ordinance excluding from the rate
 32 increase tangible personal property that is titled or
 33 registered with an agency of this State's government, the Metro
 34 East Mass Transit District Board of Trustees may adopt an
 ordinance applying the rate increase to that tangible personal
 property. The ordinance shall be adopted, and a certified copy

1 of that ordinance shall be filed with the Department, on or
2 before October 1, whereupon the Department shall proceed to
3 administer and enforce the rate increase against tangible
4 personal property titled or registered with an agency of this
5 State's government as of the following January 1. After
6 December 31, 1995, any reimposed rate increase in effect under
7 this subsection shall no longer apply to tangible personal
8 property titled or registered with an agency of this State's
9 government. Beginning January 1, 1996, the Board of Trustees of
10 any Metro East Mass Transit District may never reimpose a
11 previously excluded tax rate increase on tangible personal
12 property titled or registered with an agency of this State's
13 government.

14 (d-6) If the Board of Trustees of any Metro East Mass
15 Transit District has imposed a rate increase under subsection
16 (d-5) and filed an ordinance with the Department of Revenue
17 excluding titled property from the higher rate, then that Board
18 may, by ordinance adopted with the concurrence of two-thirds of
19 the then trustees, impose throughout the District a fee. The
20 fee on the excluded property shall not exceed \$20 per retail
21 transaction or an amount equal to the amount of tax excluded,
22 whichever is less, on tangible personal property that is titled
23 or registered with an agency of this State's government. No fee
24 shall be imposed or collected under this subsection on the sale
25 of a motor vehicle in this State to a resident of another state
26 if that motor vehicle will not be titled in this State.

27 (d-7) If a fee has been imposed under subsection (d-6), a
28 fee shall also be imposed upon the privilege of using, in the
29 district, any item of tangible personal property that is titled
30 or registered with any agency of this State's government, in an
31 amount equal to the amount of the fee imposed under subsection
32 (d-6).

33 (d-8) No item of titled property shall be subject to both
34 the higher rate approved by referendum, as authorized under
35 subsection (d-5), and any fee imposed under subsection (d-6) or
36 (d-7).

1 (d-9) If fees have been imposed under subsections (d-6) and
2 (d-7), the Board shall forward a copy of the ordinance adopting
3 such fees, which shall include all zip codes in whole or in
4 part within the boundaries of the district, to the Secretary of
5 State within thirty days. By the 25th of each month, the
6 Secretary of State shall subsequently provide the Illinois
7 Department of Revenue with a list of identifiable retail
8 transactions subject to the .25% rate occurring within the zip
9 codes which are in whole or in part within the boundaries of
10 the district and a list of title applications for addresses
11 within the boundaries of the district for the previous month.

12 (d-10) In the event that a retailer fails to pay applicable
13 fees within 30 days of the date of the transaction, a penalty
14 shall be assessed at the rate of 25% of the amount of fees.
15 Interest on both late fees and penalties shall be assessed at
16 the rate of 1% per month. All fees, penalties, and attorney
17 fees shall constitute a lien on the personal and real property
18 of the retailer.

19 (e) A certificate of registration issued by the State
20 Department of Revenue to a retailer under the Retailers'
21 Occupation Tax Act or under the Service Occupation Tax Act
22 shall permit the registrant to engage in a business that is
23 taxed under the tax imposed under paragraphs (b), (c) or (d) of
24 this Section and no additional registration shall be required
25 under the tax. A certificate issued under the Use Tax Act or
26 the Service Use Tax Act shall be applicable with regard to any
27 tax imposed under paragraph (c) of this Section.

28 (f) The Board may impose a replacement vehicle tax of \$50
29 on any passenger car, as defined in Section 1-157 of the
30 Illinois Vehicle Code, purchased within the district area by or
31 on behalf of an insurance company to replace a passenger car of
32 an insured person in settlement of a total loss claim. The tax
33 imposed may not become effective before the first day of the
34 month following the passage of the ordinance imposing the tax
35 and receipt of a certified copy of the ordinance by the
36 Department of Revenue. The Department of Revenue shall collect

1 the tax for the district in accordance with Sections 3-2002 and
2 3-2003 of the Illinois Vehicle Code.

3 The Department shall immediately pay over to the State
4 Treasurer, ex officio, as trustee, all taxes collected
5 hereunder. On or before the 25th day of each calendar month,
6 the Department shall prepare and certify to the Comptroller the
7 disbursement of stated sums of money to named districts, the
8 districts to be those from which retailers have paid taxes or
9 penalties hereunder to the Department during the second
10 preceding calendar month. The amount to be paid to each
11 district shall be the amount collected hereunder during the
12 second preceding calendar month by the Department, less any
13 amount determined by the Department to be necessary for the
14 payment of refunds. Within 10 days after receipt by the
15 Comptroller of the disbursement certification to the
16 districts, provided for in this Section to be given to the
17 Comptroller by the Department, the Comptroller shall cause the
18 orders to be drawn for the respective amounts in accordance
19 with the directions contained in the certification.

20 (g) Any ordinance imposing or discontinuing any tax under
21 this Section shall be adopted and a certified copy thereof
22 filed with the Department on or before June 1, whereupon the
23 Department of Revenue shall proceed to administer and enforce
24 this Section on behalf of the Metro East Mass Transit District
25 as of September 1 next following such adoption and filing.
26 Beginning January 1, 1992, an ordinance or resolution imposing
27 or discontinuing the tax hereunder shall be adopted and a
28 certified copy thereof filed with the Department on or before
29 the first day of July, whereupon the Department shall proceed
30 to administer and enforce this Section as of the first day of
31 October next following such adoption and filing. Beginning
32 January 1, 1993, except as provided in subsection (d-5) of this
33 Section, an ordinance or resolution imposing or discontinuing
34 the tax hereunder shall be adopted and a certified copy thereof
35 filed with the Department on or before the first day of
36 October, whereupon the Department shall proceed to administer

1 and enforce this Section as of the first day of January next
2 following such adoption and filing.

3 (h) The State Department of Revenue shall, upon collecting
4 any taxes as provided in this Section, pay the taxes over to
5 the State Treasurer as trustee for the District. The taxes
6 shall be held in a trust fund outside the State Treasury. On or
7 before the 25th day of each calendar month, the State
8 Department of Revenue shall prepare and certify to the
9 Comptroller of the State of Illinois the amount to be paid to
10 the District, which shall be the then balance in the fund, less
11 any amount determined by the Department to be necessary for the
12 payment of refunds. Within 10 days after receipt by the
13 Comptroller of the certification of the amount to be paid to
14 the District, the Comptroller shall cause an order to be drawn
15 for payment for the amount in accordance with the direction in
16 the certification.

17 (Source: P.A. 93-590; eff. 1-1-04.)

18 Section 20. The Regional Transportation Authority Act is
19 amended by changing Section 4.03 as follows:

20 (70 ILCS 3615/4.03) (from Ch. 111 2/3, par. 704.03)

21 Sec. 4.03. Taxes.

22 (a) In order to carry out any of the powers or purposes of
23 the Authority, the Board may by ordinance adopted with the
24 concurrence of 9 of the then Directors, impose throughout the
25 metropolitan region any or all of the taxes provided in this
26 Section. Except as otherwise provided in this Act, taxes
27 imposed under this Section and civil penalties imposed incident
28 thereto shall be collected and enforced by the State Department
29 of Revenue. The Department shall have the power to administer
30 and enforce the taxes and to determine all rights for refunds
31 for erroneous payments of the taxes.

32 (b) The Board may impose a public transportation tax upon
33 all persons engaged in the metropolitan region in the business
34 of selling at retail motor fuel for operation of motor vehicles

1 upon public highways. The tax shall be at a rate not to exceed
2 5% of the gross receipts from the sales of motor fuel in the
3 course of the business. As used in this Act, the term "motor
4 fuel" shall have the same meaning as in the Motor Fuel Tax Law.
5 The Board may provide for details of the tax. The provisions of
6 any tax shall conform, as closely as may be practicable, to the
7 provisions of the Municipal Retailers Occupation Tax Act,
8 including without limitation, conformity to penalties with
9 respect to the tax imposed and as to the powers of the State
10 Department of Revenue to promulgate and enforce rules and
11 regulations relating to the administration and enforcement of
12 the provisions of the tax imposed, except that reference in the
13 Act to any municipality shall refer to the Authority and the
14 tax shall be imposed only with regard to receipts from sales of
15 motor fuel in the metropolitan region, at rates as limited by
16 this Section.

17 (c) In connection with the tax imposed under paragraph (b)
18 of this Section the Board may impose a tax upon the privilege
19 of using in the metropolitan region motor fuel for the
20 operation of a motor vehicle upon public highways, the tax to
21 be at a rate not in excess of the rate of tax imposed under
22 paragraph (b) of this Section. The Board may provide for
23 details of the tax.

24 (d) The Board may impose a motor vehicle parking tax upon
25 the privilege of parking motor vehicles at off-street parking
26 facilities in the metropolitan region at which a fee is
27 charged, and may provide for reasonable classifications in and
28 exemptions to the tax, for administration and enforcement
29 thereof and for civil penalties and refunds thereunder and may
30 provide criminal penalties thereunder, the maximum penalties
31 not to exceed the maximum criminal penalties provided in the
32 Retailers' Occupation Tax Act. The Authority may collect and
33 enforce the tax itself or by contract with any unit of local
34 government. The State Department of Revenue shall have no
35 responsibility for the collection and enforcement unless the
36 Department agrees with the Authority to undertake the

1 collection and enforcement. As used in this paragraph, the term
2 "parking facility" means a parking area or structure having
3 parking spaces for more than 2 vehicles at which motor vehicles
4 are permitted to park in return for an hourly, daily, or other
5 periodic fee, whether publicly or privately owned, but does not
6 include parking spaces on a public street, the use of which is
7 regulated by parking meters.

8 (e) The Board may impose a Regional Transportation
9 Authority Retailers' Occupation Tax upon all persons engaged in
10 the business of selling tangible personal property at retail in
11 the metropolitan region. In Cook County the tax rate shall be
12 1% of the gross receipts from sales of food for human
13 consumption that is to be consumed off the premises where it is
14 sold (other than alcoholic beverages, soft drinks and food that
15 has been prepared for immediate consumption) and prescription
16 and nonprescription medicines, drugs, medical appliances and
17 insulin, urine testing materials, syringes and needles used by
18 diabetics, and 3/4% of the gross receipts from other taxable
19 sales made in the course of that business. In DuPage, Kane,
20 Lake, McHenry, and Will Counties, the tax rate shall be 1/4% of
21 the gross receipts from all taxable sales made in the course of
22 that business. The tax imposed under this Section and all civil
23 penalties that may be assessed as an incident thereof shall be
24 collected and enforced by the State Department of Revenue. The
25 Department shall have full power to administer and enforce this
26 Section; to collect all taxes and penalties so collected in the
27 manner hereinafter provided; and to determine all rights to
28 credit memoranda arising on account of the erroneous payment of
29 tax or penalty hereunder. In the administration of, and
30 compliance with this Section, the Department and persons who
31 are subject to this Section shall have the same rights,
32 remedies, privileges, immunities, powers and duties, and be
33 subject to the same conditions, restrictions, limitations,
34 penalties, exclusions, exemptions and definitions of terms,
35 and employ the same modes of procedure, as are prescribed in
36 Sections 1, 1a, 1a-1, 1c, 1d, 1e, 1f, 1i, 1j, 2 through 2-65

1 (in respect to all provisions therein other than the State rate
2 of tax), 2c, 3 (except as to the disposition of taxes and
3 penalties collected), 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i,
4 5j, 5k, 5l, 6, 6a, 6b, 6c, 7, 8, 9, 10, 11, 12 and 13 of the
5 Retailers' Occupation Tax Act and Section 3-7 of the Uniform
6 Penalty and Interest Act, as fully as if those provisions were
7 set forth herein.

8 Persons subject to any tax imposed under the authority
9 granted in this Section may reimburse themselves for their
10 seller's tax liability hereunder by separately stating the tax
11 as an additional charge, which charge may be stated in
12 combination in a single amount with State taxes that sellers
13 are required to collect under the Use Tax Act, under any
14 bracket schedules the Department may prescribe.

15 Whenever the Department determines that a refund should be
16 made under this Section to a claimant instead of issuing a
17 credit memorandum, the Department shall notify the State
18 Comptroller, who shall cause the warrant to be drawn for the
19 amount specified, and to the person named, in the notification
20 from the Department. The refund shall be paid by the State
21 Treasurer out of the Regional Transportation Authority tax fund
22 established under paragraph (n) of this Section.

23 If a tax is imposed under this subsection (e), a tax shall
24 also be imposed under subsections (f) and (g) of this Section.

25 For the purpose of determining whether a tax authorized
26 under this Section is applicable, a retail sale by a producer
27 of coal or other mineral mined in Illinois, is a sale at retail
28 at the place where the coal or other mineral mined in Illinois
29 is extracted from the earth. This paragraph does not apply to
30 coal or other mineral when it is delivered or shipped by the
31 seller to the purchaser at a point outside Illinois so that the
32 sale is exempt under the Federal Constitution as a sale in
33 interstate or foreign commerce.

34 No tax shall be imposed or collected under this subsection
35 on the sale of a motor vehicle in this State to a resident of
36 another state if that motor vehicle will not be titled in this

1 State.

2 Nothing in this Section shall be construed to authorize the
3 Regional Transportation Authority to impose a tax upon the
4 privilege of engaging in any business that under the
5 Constitution of the United States may not be made the subject
6 of taxation by this State.

7 (f) If a tax has been imposed under paragraph (e), a
8 Regional Transportation Authority Service Occupation Tax shall
9 also be imposed upon all persons engaged, in the metropolitan
10 region in the business of making sales of service, who as an
11 incident to making the sales of service, transfer tangible
12 personal property within the metropolitan region, either in the
13 form of tangible personal property or in the form of real
14 estate as an incident to a sale of service. In Cook County, the
15 tax rate shall be: (1) 1% of the serviceman's cost price of
16 food prepared for immediate consumption and transferred
17 incident to a sale of service subject to the service occupation
18 tax by an entity licensed under the Hospital Licensing Act or
19 the Nursing Home Care Act that is located in the metropolitan
20 region; (2) 1% of the selling price of food for human
21 consumption that is to be consumed off the premises where it is
22 sold (other than alcoholic beverages, soft drinks and food that
23 has been prepared for immediate consumption) and prescription
24 and nonprescription medicines, drugs, medical appliances and
25 insulin, urine testing materials, syringes and needles used by
26 diabetics; and (3) 3/4% of the selling price from other taxable
27 sales of tangible personal property transferred. In DuPage,
28 Kane, Lake, McHenry and Will Counties the rate shall be 1/4% of
29 the selling price of all tangible personal property
30 transferred.

31 The tax imposed under this paragraph and all civil
32 penalties that may be assessed as an incident thereof shall be
33 collected and enforced by the State Department of Revenue. The
34 Department shall have full power to administer and enforce this
35 paragraph; to collect all taxes and penalties due hereunder; to
36 dispose of taxes and penalties collected in the manner

1 hereinafter provided; and to determine all rights to credit
2 memoranda arising on account of the erroneous payment of tax or
3 penalty hereunder. In the administration of and compliance with
4 this paragraph, the Department and persons who are subject to
5 this paragraph shall have the same rights, remedies,
6 privileges, immunities, powers and duties, and be subject to
7 the same conditions, restrictions, limitations, penalties,
8 exclusions, exemptions and definitions of terms, and employ the
9 same modes of procedure, as are prescribed in Sections 1a-1, 2,
10 2a, 3 through 3-50 (in respect to all provisions therein other
11 than the State rate of tax), 4 (except that the reference to
12 the State shall be to the Authority), 5, 7, 8 (except that the
13 jurisdiction to which the tax shall be a debt to the extent
14 indicated in that Section 8 shall be the Authority), 9 (except
15 as to the disposition of taxes and penalties collected, and
16 except that the returned merchandise credit for this tax may
17 not be taken against any State tax), 10, 11, 12 (except the
18 reference therein to Section 2b of the Retailers' Occupation
19 Tax Act), 13 (except that any reference to the State shall mean
20 the Authority), the first paragraph of Section 15, 16, 17, 18,
21 19 and 20 of the Service Occupation Tax Act and Section 3-7 of
22 the Uniform Penalty and Interest Act, as fully as if those
23 provisions were set forth herein.

24 Persons subject to any tax imposed under the authority
25 granted in this paragraph may reimburse themselves for their
26 serviceman's tax liability hereunder by separately stating the
27 tax as an additional charge, that charge may be stated in
28 combination in a single amount with State tax that servicemen
29 are authorized to collect under the Service Use Tax Act, under
30 any bracket schedules the Department may prescribe.

31 Whenever the Department determines that a refund should be
32 made under this paragraph to a claimant instead of issuing a
33 credit memorandum, the Department shall notify the State
34 Comptroller, who shall cause the warrant to be drawn for the
35 amount specified, and to the person named in the notification
36 from the Department. The refund shall be paid by the State

1 Treasurer out of the Regional Transportation Authority tax fund
2 established under paragraph (n) of this Section.

3 Nothing in this paragraph shall be construed to authorize
4 the Authority to impose a tax upon the privilege of engaging in
5 any business that under the Constitution of the United States
6 may not be made the subject of taxation by the State.

7 (g) If a tax has been imposed under paragraph (e), a tax
8 shall also be imposed upon the privilege of using in the
9 metropolitan region, any item of tangible personal property
10 that is purchased outside the metropolitan region at retail
11 from a retailer, and that is titled or registered with an
12 agency of this State's government. In Cook County the tax rate
13 shall be 3/4% of the selling price of the tangible personal
14 property, as "selling price" is defined in the Use Tax Act. In
15 DuPage, Kane, Lake, McHenry and Will counties the tax rate
16 shall be 1/4% of the selling price of the tangible personal
17 property, as "selling price" is defined in the Use Tax Act. The
18 tax shall be collected from persons whose Illinois address for
19 titling or registration purposes is given as being in the
20 metropolitan region. The tax shall be collected by the
21 Department of Revenue for the Regional Transportation
22 Authority. The tax must be paid to the State, or an exemption
23 determination must be obtained from the Department of Revenue,
24 before the title or certificate of registration for the
25 property may be issued. The tax or proof of exemption may be
26 transmitted to the Department by way of the State agency with
27 which, or the State officer with whom, the tangible personal
28 property must be titled or registered if the Department and the
29 State agency or State officer determine that this procedure
30 will expedite the processing of applications for title or
31 registration.

32 The Department shall have full power to administer and
33 enforce this paragraph; to collect all taxes, penalties and
34 interest due hereunder; to dispose of taxes, penalties and
35 interest collected in the manner hereinafter provided; and to
36 determine all rights to credit memoranda or refunds arising on

1 account of the erroneous payment of tax, penalty or interest
2 hereunder. In the administration of and compliance with this
3 paragraph, the Department and persons who are subject to this
4 paragraph shall have the same rights, remedies, privileges,
5 immunities, powers and duties, and be subject to the same
6 conditions, restrictions, limitations, penalties, exclusions,
7 exemptions and definitions of terms and employ the same modes
8 of procedure, as are prescribed in Sections 2 (except the
9 definition of "retailer maintaining a place of business in this
10 State"), 3 through 3-80 (except provisions pertaining to the
11 State rate of tax, and except provisions concerning collection
12 or refunding of the tax by retailers), 4, 11, 12, 12a, 14, 15,
13 19 (except the portions pertaining to claims by retailers and
14 except the last paragraph concerning refunds), 20, 21 and 22 of
15 the Use Tax Act, and are not inconsistent with this paragraph,
16 as fully as if those provisions were set forth herein.

17 Whenever the Department determines that a refund should be
18 made under this paragraph to a claimant instead of issuing a
19 credit memorandum, the Department shall notify the State
20 Comptroller, who shall cause the order to be drawn for the
21 amount specified, and to the person named in the notification
22 from the Department. The refund shall be paid by the State
23 Treasurer out of the Regional Transportation Authority tax fund
24 established under paragraph (n) of this Section.

25 (h) The Authority may impose a replacement vehicle tax of
26 \$50 on any passenger car as defined in Section 1-157 of the
27 Illinois Vehicle Code purchased within the metropolitan region
28 by or on behalf of an insurance company to replace a passenger
29 car of an insured person in settlement of a total loss claim.
30 The tax imposed may not become effective before the first day
31 of the month following the passage of the ordinance imposing
32 the tax and receipt of a certified copy of the ordinance by the
33 Department of Revenue. The Department of Revenue shall collect
34 the tax for the Authority in accordance with Sections 3-2002
35 and 3-2003 of the Illinois Vehicle Code.

36 The Department shall immediately pay over to the State

1 Treasurer, ex officio, as trustee, all taxes collected
2 hereunder. On or before the 25th day of each calendar month,
3 the Department shall prepare and certify to the Comptroller the
4 disbursement of stated sums of money to the Authority. The
5 amount to be paid to the Authority shall be the amount
6 collected hereunder during the second preceding calendar month
7 by the Department, less any amount determined by the Department
8 to be necessary for the payment of refunds. Within 10 days
9 after receipt by the Comptroller of the disbursement
10 certification to the Authority provided for in this Section to
11 be given to the Comptroller by the Department, the Comptroller
12 shall cause the orders to be drawn for that amount in
13 accordance with the directions contained in the certification.

14 (i) The Board may not impose any other taxes except as it
15 may from time to time be authorized by law to impose.

16 (j) A certificate of registration issued by the State
17 Department of Revenue to a retailer under the Retailers'
18 Occupation Tax Act or under the Service Occupation Tax Act
19 shall permit the registrant to engage in a business that is
20 taxed under the tax imposed under paragraphs (b), (e), (f) or
21 (g) of this Section and no additional registration shall be
22 required under the tax. A certificate issued under the Use Tax
23 Act or the Service Use Tax Act shall be applicable with regard
24 to any tax imposed under paragraph (c) of this Section.

25 (k) The provisions of any tax imposed under paragraph (c)
26 of this Section shall conform as closely as may be practicable
27 to the provisions of the Use Tax Act, including without
28 limitation conformity as to penalties with respect to the tax
29 imposed and as to the powers of the State Department of Revenue
30 to promulgate and enforce rules and regulations relating to the
31 administration and enforcement of the provisions of the tax
32 imposed. The taxes shall be imposed only on use within the
33 metropolitan region and at rates as provided in the paragraph.

34 (l) The Board in imposing any tax as provided in paragraphs
35 (b) and (c) of this Section, shall, after seeking the advice of
36 the State Department of Revenue, provide means for retailers,

1 users or purchasers of motor fuel for purposes other than those
2 with regard to which the taxes may be imposed as provided in
3 those paragraphs to receive refunds of taxes improperly paid,
4 which provisions may be at variance with the refund provisions
5 as applicable under the Municipal Retailers Occupation Tax Act.
6 The State Department of Revenue may provide for certificates of
7 registration for users or purchasers of motor fuel for purposes
8 other than those with regard to which taxes may be imposed as
9 provided in paragraphs (b) and (c) of this Section to
10 facilitate the reporting and nontaxability of the exempt sales
11 or uses.

12 (m) Any ordinance imposing or discontinuing any tax under
13 this Section shall be adopted and a certified copy thereof
14 filed with the Department on or before June 1, whereupon the
15 Department of Revenue shall proceed to administer and enforce
16 this Section on behalf of the Regional Transportation Authority
17 as of September 1 next following such adoption and filing.
18 Beginning January 1, 1992, an ordinance or resolution imposing
19 or discontinuing the tax hereunder shall be adopted and a
20 certified copy thereof filed with the Department on or before
21 the first day of July, whereupon the Department shall proceed
22 to administer and enforce this Section as of the first day of
23 October next following such adoption and filing. Beginning
24 January 1, 1993, an ordinance or resolution imposing or
25 discontinuing the tax hereunder shall be adopted and a
26 certified copy thereof filed with the Department on or before
27 the first day of October, whereupon the Department shall
28 proceed to administer and enforce this Section as of the first
29 day of January next following such adoption and filing.

30 (n) The State Department of Revenue shall, upon collecting
31 any taxes as provided in this Section, pay the taxes over to
32 the State Treasurer as trustee for the Authority. The taxes
33 shall be held in a trust fund outside the State Treasury. On or
34 before the 25th day of each calendar month, the State
35 Department of Revenue shall prepare and certify to the
36 Comptroller of the State of Illinois the amount to be paid to

1 the Authority, which shall be the then balance in the fund,
2 less any amount determined by the Department to be necessary
3 for the payment of refunds. The State Department of Revenue
4 shall also certify to the Authority the amount of taxes
5 collected in each County other than Cook County in the
6 metropolitan region less the amount necessary for the payment
7 of refunds to taxpayers in the County. With regard to the
8 County of Cook, the certification shall specify the amount of
9 taxes collected within the City of Chicago less the amount
10 necessary for the payment of refunds to taxpayers in the City
11 of Chicago and the amount collected in that portion of Cook
12 County outside of Chicago less the amount necessary for the
13 payment of refunds to taxpayers in that portion of Cook County
14 outside of Chicago. Within 10 days after receipt by the
15 Comptroller of the certification of the amount to be paid to
16 the Authority, the Comptroller shall cause an order to be drawn
17 for the payment for the amount in accordance with the direction
18 in the certification.

19 In addition to the disbursement required by the preceding
20 paragraph, an allocation shall be made in July 1991 and each
21 year thereafter to the Regional Transportation Authority. The
22 allocation shall be made in an amount equal to the average
23 monthly distribution during the preceding calendar year
24 (excluding the 2 months of lowest receipts) and the allocation
25 shall include the amount of average monthly distribution from
26 the Regional Transportation Authority Occupation and Use Tax
27 Replacement Fund. The distribution made in July 1992 and each
28 year thereafter under this paragraph and the preceding
29 paragraph shall be reduced by the amount allocated and
30 disbursed under this paragraph in the preceding calendar year.
31 The Department of Revenue shall prepare and certify to the
32 Comptroller for disbursement the allocations made in
33 accordance with this paragraph.

34 (o) Failure to adopt a budget ordinance or otherwise to
35 comply with Section 4.01 of this Act or to adopt a Five-year
36 Program or otherwise to comply with paragraph (b) of Section

1 2.01 of this Act shall not affect the validity of any tax
2 imposed by the Authority otherwise in conformity with law.

3 (p) At no time shall a public transportation tax or motor
4 vehicle parking tax authorized under paragraphs (b), (c) and
5 (d) of this Section be in effect at the same time as any
6 retailers' occupation, use or service occupation tax
7 authorized under paragraphs (e), (f) and (g) of this Section is
8 in effect.

9 Any taxes imposed under the authority provided in
10 paragraphs (b), (c) and (d) shall remain in effect only until
11 the time as any tax authorized by paragraphs (e), (f) or (g) of
12 this Section are imposed and becomes effective. Once any tax
13 authorized by paragraphs (e), (f) or (g) is imposed the Board
14 may not reimpose taxes as authorized in paragraphs (b), (c) and
15 (d) of the Section unless any tax authorized by paragraphs (e),
16 (f) or (g) of this Section becomes ineffective by means other
17 than an ordinance of the Board.

18 (q) Any existing rights, remedies and obligations
19 (including enforcement by the Regional Transportation
20 Authority) arising under any tax imposed under paragraphs (b),
21 (c) or (d) of this Section shall not be affected by the
22 imposition of a tax under paragraphs (e), (f) or (g) of this
23 Section.

24 (Source: P.A. 91-51, eff. 6-30-99; 92-221, eff. 8-2-01; 92-651,
25 eff. 7-11-02.)

26 Section 25. The Water Commission Act of 1985 is amended by
27 changing Section 4 as follows:

28 (70 ILCS 3720/4) (from Ch. 111 2/3, par. 254)

29 Sec. 4. (a) The board of commissioners of any county water
30 commission may, by ordinance, impose throughout the territory
31 of the commission any or all of the taxes provided in this
32 Section for its corporate purposes. However, no county water
33 commission may impose any such tax unless the commission
34 certifies the proposition of imposing the tax to the proper

1 election officials, who shall submit the proposition to the
 2 voters residing in the territory at an election in accordance
 3 with the general election law, and the proposition has been
 4 approved by a majority of those voting on the proposition.

5 The proposition shall be in the form provided in Section 5
 6 or shall be substantially in the following form:

7 -----

8	Shall the (insert corporate	
9	name of county water commission)	YES
10	impose (state type of tax or	-----
11	taxes to be imposed) at the	NO
12	rate of 1/4%?	

13 -----

14 Taxes imposed under this Section and civil penalties
 15 imposed incident thereto shall be collected and enforced by the
 16 State Department of Revenue. The Department shall have the
 17 power to administer and enforce the taxes and to determine all
 18 rights for refunds for erroneous payments of the taxes.

19 (b) The board of commissioners may impose a County Water
 20 Commission Retailers' Occupation Tax upon all persons engaged
 21 in the business of selling tangible personal property at retail
 22 in the territory of the commission at a rate of 1/4% of the
 23 gross receipts from the sales made in the course of such
 24 business within the territory. The tax imposed under this
 25 paragraph and all civil penalties that may be assessed as an
 26 incident thereof shall be collected and enforced by the State
 27 Department of Revenue. The Department shall have full power to
 28 administer and enforce this paragraph; to collect all taxes and
 29 penalties due hereunder; to dispose of taxes and penalties so
 30 collected in the manner hereinafter provided; and to determine
 31 all rights to credit memoranda arising on account of the
 32 erroneous payment of tax or penalty hereunder. In the
 33 administration of, and compliance with, this paragraph, the
 34 Department and persons who are subject to this paragraph shall
 35 have the same rights, remedies, privileges, immunities, powers
 36 and duties, and be subject to the same conditions,

1 restrictions, limitations, penalties, exclusions, exemptions
2 and definitions of terms, and employ the same modes of
3 procedure, as are prescribed in Sections 1, 1a, 1a-1, 1c, 1d,
4 1e, 1f, 1i, 1j, 2 through 2-65 (in respect to all provisions
5 therein other than the State rate of tax except that food for
6 human consumption that is to be consumed off the premises where
7 it is sold (other than alcoholic beverages, soft drinks, and
8 food that has been prepared for immediate consumption) and
9 prescription and nonprescription medicine, drugs, medical
10 appliances and insulin, urine testing materials, syringes, and
11 needles used by diabetics, for human use, shall not be subject
12 to tax hereunder), 2c, 3 (except as to the disposition of taxes
13 and penalties collected), 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h,
14 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 7, 8, 9, 10, 11, 12 and 13 of the
15 Retailers' Occupation Tax Act and Section 3-7 of the Uniform
16 Penalty and Interest Act, as fully as if those provisions were
17 set forth herein.

18 Persons subject to any tax imposed under the authority
19 granted in this paragraph may reimburse themselves for their
20 seller's tax liability hereunder by separately stating the tax
21 as an additional charge, which charge may be stated in
22 combination, in a single amount, with State taxes that sellers
23 are required to collect under the Use Tax Act and under
24 subsection (e) of Section 4.03 of the Regional Transportation
25 Authority Act, in accordance with such bracket schedules as the
26 Department may prescribe.

27 Whenever the Department determines that a refund should be
28 made under this paragraph to a claimant instead of issuing a
29 credit memorandum, the Department shall notify the State
30 Comptroller, who shall cause the warrant to be drawn for the
31 amount specified, and to the person named, in the notification
32 from the Department. The refund shall be paid by the State
33 Treasurer out of a county water commission tax fund established
34 under paragraph (g) of this Section.

35 For the purpose of determining whether a tax authorized
36 under this paragraph is applicable, a retail sale by a producer

1 of coal or other mineral mined in Illinois is a sale at retail
2 at the place where the coal or other mineral mined in Illinois
3 is extracted from the earth. This paragraph does not apply to
4 coal or other mineral when it is delivered or shipped by the
5 seller to the purchaser at a point outside Illinois so that the
6 sale is exempt under the Federal Constitution as a sale in
7 interstate or foreign commerce.

8 If a tax is imposed under this subsection (b) a tax shall
9 also be imposed under subsections (c) and (d) of this Section.

10 No tax shall be imposed or collected under this subsection
11 on the sale of a motor vehicle in this State to a resident of
12 another state if that motor vehicle will not be titled in this
13 State.

14 Nothing in this paragraph shall be construed to authorize a
15 county water commission to impose a tax upon the privilege of
16 engaging in any business which under the Constitution of the
17 United States may not be made the subject of taxation by this
18 State.

19 (c) If a tax has been imposed under subsection (b), a
20 County Water Commission Service Occupation Tax shall also be
21 imposed upon all persons engaged, in the territory of the
22 commission, in the business of making sales of service, who, as
23 an incident to making the sales of service, transfer tangible
24 personal property within the territory. The tax rate shall be
25 1/4% of the selling price of tangible personal property so
26 transferred within the territory. The tax imposed under this
27 paragraph and all civil penalties that may be assessed as an
28 incident thereof shall be collected and enforced by the State
29 Department of Revenue. The Department shall have full power to
30 administer and enforce this paragraph; to collect all taxes and
31 penalties due hereunder; to dispose of taxes and penalties so
32 collected in the manner hereinafter provided; and to determine
33 all rights to credit memoranda arising on account of the
34 erroneous payment of tax or penalty hereunder. In the
35 administration of, and compliance with, this paragraph, the
36 Department and persons who are subject to this paragraph shall

1 have the same rights, remedies, privileges, immunities, powers
2 and duties, and be subject to the same conditions,
3 restrictions, limitations, penalties, exclusions, exemptions
4 and definitions of terms, and employ the same modes of
5 procedure, as are prescribed in Sections 1a-1, 2 (except that
6 the reference to State in the definition of supplier
7 maintaining a place of business in this State shall mean the
8 territory of the commission), 2a, 3 through 3-50 (in respect to
9 all provisions therein other than the State rate of tax except
10 that food for human consumption that is to be consumed off the
11 premises where it is sold (other than alcoholic beverages, soft
12 drinks, and food that has been prepared for immediate
13 consumption) and prescription and nonprescription medicines,
14 drugs, medical appliances and insulin, urine testing
15 materials, syringes, and needles used by diabetics, for human
16 use, shall not be subject to tax hereunder), 4 (except that the
17 reference to the State shall be to the territory of the
18 commission), 5, 7, 8 (except that the jurisdiction to which the
19 tax shall be a debt to the extent indicated in that Section 8
20 shall be the commission), 9 (except as to the disposition of
21 taxes and penalties collected and except that the returned
22 merchandise credit for this tax may not be taken against any
23 State tax), 10, 11, 12 (except the reference therein to Section
24 2b of the Retailers' Occupation Tax Act), 13 (except that any
25 reference to the State shall mean the territory of the
26 commission), the first paragraph of Section 15, 15.5, 16, 17,
27 18, 19 and 20 of the Service Occupation Tax Act as fully as if
28 those provisions were set forth herein.

29 Persons subject to any tax imposed under the authority
30 granted in this paragraph may reimburse themselves for their
31 serviceman's tax liability hereunder by separately stating the
32 tax as an additional charge, which charge may be stated in
33 combination, in a single amount, with State tax that servicemen
34 are authorized to collect under the Service Use Tax Act, and
35 any tax for which servicemen may be liable under subsection (f)
36 of Sec. 4.03 of the Regional Transportation Authority Act, in

1 accordance with such bracket schedules as the Department may
2 prescribe.

3 Whenever the Department determines that a refund should be
4 made under this paragraph to a claimant instead of issuing a
5 credit memorandum, the Department shall notify the State
6 Comptroller, who shall cause the warrant to be drawn for the
7 amount specified, and to the person named, in the notification
8 from the Department. The refund shall be paid by the State
9 Treasurer out of a county water commission tax fund established
10 under paragraph (g) of this Section.

11 Nothing in this paragraph shall be construed to authorize a
12 county water commission to impose a tax upon the privilege of
13 engaging in any business which under the Constitution of the
14 United States may not be made the subject of taxation by the
15 State.

16 (d) If a tax has been imposed under subsection (b), a tax
17 shall also imposed upon the privilege of using, in the
18 territory of the commission, any item of tangible personal
19 property that is purchased outside the territory at retail from
20 a retailer, and that is titled or registered with an agency of
21 this State's government, at a rate of 1/4% of the selling price
22 of the tangible personal property within the territory, as
23 "selling price" is defined in the Use Tax Act. The tax shall be
24 collected from persons whose Illinois address for titling or
25 registration purposes is given as being in the territory. The
26 tax shall be collected by the Department of Revenue for a
27 county water commission. The tax must be paid to the State, or
28 an exemption determination must be obtained from the Department
29 of Revenue, before the title or certificate of registration for
30 the property may be issued. The tax or proof of exemption may
31 be transmitted to the Department by way of the State agency
32 with which, or the State officer with whom, the tangible
33 personal property must be titled or registered if the
34 Department and the State agency or State officer determine that
35 this procedure will expedite the processing of applications for
36 title or registration.

1 The Department shall have full power to administer and
2 enforce this paragraph; to collect all taxes, penalties and
3 interest due hereunder; to dispose of taxes, penalties and
4 interest so collected in the manner hereinafter provided; and
5 to determine all rights to credit memoranda or refunds arising
6 on account of the erroneous payment of tax, penalty or interest
7 hereunder. In the administration of, and compliance with this
8 paragraph, the Department and persons who are subject to this
9 paragraph shall have the same rights, remedies, privileges,
10 immunities, powers and duties, and be subject to the same
11 conditions, restrictions, limitations, penalties, exclusions,
12 exemptions and definitions of terms and employ the same modes
13 of procedure, as are prescribed in Sections 2 (except the
14 definition of "retailer maintaining a place of business in this
15 State"), 3 through 3-80 (except provisions pertaining to the
16 State rate of tax, and except provisions concerning collection
17 or refunding of the tax by retailers, and except that food for
18 human consumption that is to be consumed off the premises where
19 it is sold (other than alcoholic beverages, soft drinks, and
20 food that has been prepared for immediate consumption) and
21 prescription and nonprescription medicines, drugs, medical
22 appliances and insulin, urine testing materials, syringes, and
23 needles used by diabetics, for human use, shall not be subject
24 to tax hereunder), 4, 11, 12, 12a, 14, 15, 19 (except the
25 portions pertaining to claims by retailers and except the last
26 paragraph concerning refunds), 20, 21 and 22 of the Use Tax Act
27 and Section 3-7 of the Uniform Penalty and Interest Act that
28 are not inconsistent with this paragraph, as fully as if those
29 provisions were set forth herein.

30 Whenever the Department determines that a refund should be
31 made under this paragraph to a claimant instead of issuing a
32 credit memorandum, the Department shall notify the State
33 Comptroller, who shall cause the order to be drawn for the
34 amount specified, and to the person named, in the notification
35 from the Department. The refund shall be paid by the State
36 Treasurer out of a county water commission tax fund established

1 under paragraph (g) of this Section.

2 (e) A certificate of registration issued by the State
3 Department of Revenue to a retailer under the Retailers'
4 Occupation Tax Act or under the Service Occupation Tax Act
5 shall permit the registrant to engage in a business that is
6 taxed under the tax imposed under paragraphs (b), (c) or (d) of
7 this Section and no additional registration shall be required
8 under the tax. A certificate issued under the Use Tax Act or
9 the Service Use Tax Act shall be applicable with regard to any
10 tax imposed under paragraph (c) of this Section.

11 (f) Any ordinance imposing or discontinuing any tax under
12 this Section shall be adopted and a certified copy thereof
13 filed with the Department on or before June 1, whereupon the
14 Department of Revenue shall proceed to administer and enforce
15 this Section on behalf of the county water commission as of
16 September 1 next following the adoption and filing. Beginning
17 January 1, 1992, an ordinance or resolution imposing or
18 discontinuing the tax hereunder shall be adopted and a
19 certified copy thereof filed with the Department on or before
20 the first day of July, whereupon the Department shall proceed
21 to administer and enforce this Section as of the first day of
22 October next following such adoption and filing. Beginning
23 January 1, 1993, an ordinance or resolution imposing or
24 discontinuing the tax hereunder shall be adopted and a
25 certified copy thereof filed with the Department on or before
26 the first day of October, whereupon the Department shall
27 proceed to administer and enforce this Section as of the first
28 day of January next following such adoption and filing.

29 (g) The State Department of Revenue shall, upon collecting
30 any taxes as provided in this Section, pay the taxes over to
31 the State Treasurer as trustee for the commission. The taxes
32 shall be held in a trust fund outside the State Treasury. On or
33 before the 25th day of each calendar month, the State
34 Department of Revenue shall prepare and certify to the
35 Comptroller of the State of Illinois the amount to be paid to
36 the commission, which shall be the then balance in the fund,

1 less any amount determined by the Department to be necessary
2 for the payment of refunds. Within 10 days after receipt by the
3 Comptroller of the certification of the amount to be paid to
4 the commission, the Comptroller shall cause an order to be
5 drawn for the payment for the amount in accordance with the
6 direction in the certification.

7 (Source: P.A. 91-51, eff. 6-30-99; 92-221, eff. 8-2-01.)

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.