



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB4762

Introduced 01/18/06, by Rep. Carolyn H. Krause

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-13 new
35 ILCS 120/2-13 new

Amends the Use Tax Act and the Retailers' Occupation Tax Act. Provides that no tax is imposed under the Acts upon the use or purchase of energy-efficient products that qualify as an "Energy Star" products under the federal Energy Star Program and that are purchased at a price of \$1,500 or less during a tax holiday. Defines "tax-holiday" as the periods each year: (1) beginning at 12:01 a.m. on November 1st and continuing through 11:59 p.m. on November 7th; and (2) beginning at 12:01 a.m. on April 22nd and continuing through 11:59 p.m. on April 28th. Sets forth criteria for transactions to qualify for the exemption. Effective immediately.

LRB094 15879 BDD 51101 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning revenue.

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

4 Section 5. The Use Tax Act is amended by adding Section
5 3-13 as follows:

6 (35 ILCS 105/3-13 new)

7 Sec. 3-13. Tax holiday for energy-efficient products.

8 (a) No tax is imposed under this Act upon the privilege of
9 using, in this State, any energy-efficient product that is
10 purchased at retail at a sales price of \$1,500 or less if the
11 product is purchased during a holiday period.

12 (b) For the purpose of this Section:

13 "Holiday period" means the periods each year:

14 (1) beginning at 12:01 a.m. on November 1st and
15 continuing through 11:59 p.m. on November 7th; and

16 (2) beginning at 12:01 a.m. on April 22nd and
17 continuing through 11:59 p.m. on April 28th.

18 "Energy-efficient product" means a dishwasher, clothes
19 washer, air conditioner, ceiling fan, incandescent or
20 flourescent light bulb, dehumidifier, programmable thermostat,
21 or refrigerator that qualifies as an "Energy Star" product
22 under the Energy Star Program administered by the United States
23 Environmental Protection Agency.

24 (c) For purpose of this Section, a "purchase" occurs during
25 the tax holiday if the buyer places an order and pays the
26 purchase price by cash or credit during the tax holiday period
27 regardless of whether the delivery of the product occurs after
28 the tax holiday period.

29 An energy-efficient product that is placed in a layaway or
30 similar deferred plan during the holiday period is not eligible
31 for the exemption unless the product is delivered to the
32 purchaser during the period. An energy-efficient product that

1 was placed in a layaway or similar deferred plan before the
2 holiday period and is then delivered to the purchaser during
3 the holiday period is eligible for the exemption.

4 (d) Any discount, coupon, or other credit offered either by
5 the retailer or by a vendor of the retailer to reduce the final
6 price to the customer must be taken into account in determining
7 the selling price of the product for the purposes of this
8 holiday. If the the price of a product is free or reduced with
9 the purchase of another energy-efficient product, then the
10 total price of the products may not be averaged in order for
11 both products to qualify for the holiday.

12 The amount of any rebate may not be considered when
13 determining the selling price of an energy-efficient product
14 for the purposes of this holiday.

15 (e) Articles that are normally sold as a unit must continue
16 to be sold in that manner; they may not be priced separately
17 and sold as individual items in order to be subject to the
18 holiday. Components that are normally priced as separate
19 articles, however, may continue to be sold as separate
20 articles.

21 (f) An energy-efficient product that a customer purchases
22 during the holiday period with the use of a rain check
23 qualifies for the holiday regardless of when the rain check was
24 issued. The issuance of a rain check, however, during the
25 holiday period does not qualify merchandise for the exemption
26 if the product is actually purchased after the holiday period.

27 (g) If a customer purchases an energy-efficient product
28 during the holiday period but later exchanges the product for a
29 substantially similar product of a different size, different
30 color, or other feature, then no additional tax is due even if
31 the exchange is made after the holiday period.

32 If a customer purchases an energy-efficient product during
33 the holiday period, but after the holiday period has ended, the
34 customer returns the product and receives credit on the
35 purchase of a different product, then the newly purchased
36 product is subject to the full tax rate.

1 If a customer purchases an energy-efficient product before
2 the holiday period, but, during the holiday period, the
3 customer returns the product and receives credit on the
4 purchase of a different energy-efficient product, then the
5 newly purchased product is subject to the exemption.

6 (h) Each unit of local government that imposes a use tax
7 may, by resolution or ordinance, declare a tax holiday with
8 respect to its use tax for the same items, during the same
9 periods, and under the same conditions and is encouraged to do
10 so.

11 Section 10. The Retailers' Occupation Tax Act is amended by
12 adding Section 2-13 as follows:

13 (35 ILCS 120/2-13 new)

14 Sec. 2-13. Tax holiday for energy-efficient products.

15 (a) No tax is imposed under this Act upon persons engaged
16 in the business of selling, at retail, any energy-efficient
17 product if the product is purchased at a sales price of \$1,500
18 or less during a tax-holiday period.

19 (b) For the purpose of this Section:

20 "Tax-holiday period" means the periods each year:

21 (1) beginning at 12:01 a.m. on November 1st and
22 continuing through 11:59 p.m. on November 7th; and

23 (2) beginning at 12:01 a.m. on April 22nd and
24 continuing through 11:59 p.m. on April 28th.

25 "Energy-efficient product" means a dishwasher, clothes
26 washer, air conditioner, ceiling fan, incandescent or
27 flourescent light bulb, dehumidifier, programmable thermostat,
28 or refrigerator that qualifies as an "Energy Star" product
29 under the Energy Star Program administered by the United States
30 Environmental Protection Agency.

31 (c) For purpose of this Section, a "purchase" occurs during
32 the tax holiday if the buyer places an order and pays the
33 purchase price by cash or credit during the tax holiday period
34 regardless of whether the delivery of the product occurs after

1 the tax holiday period.

2 An energy-efficient product that is placed in a layaway or
3 similar deferred plan during the holiday period is not eligible
4 for the exemption unless the product is delivered to the
5 purchaser during the period. An energy-efficient product that
6 was placed in a layaway or similar deferred plan before the
7 holiday period and is then delivered to the purchaser during
8 the holiday period is eligible for the exemption.

9 (d) Any discount, coupon, or other credit offered either by
10 the retailer or by a vendor of the retailer to reduce the final
11 price to the customer must be taken into account in determining
12 the selling price of the product for the purposes of this
13 holiday. If the the price of a product is free or reduced with
14 the purchase of another energy-efficient product, then the
15 total price of the products may not be averaged in order for
16 both products to qualify for the holiday.

17 The amount of any rebate may not be considered when
18 determining the selling price of an energy-efficient product
19 for the purposes of this holiday.

20 (e) Articles that are normally sold as a unit must continue
21 to be sold in that manner; they may not be priced separately
22 and sold as individual items in order to be subject to the
23 holiday. Components that are normally priced as separate
24 articles, however, may continue to be sold as separate
25 articles.

26 (f) An energy-efficient product that a customer purchases
27 during the holiday period with the use of a rain check
28 qualifies for the holiday regardless of when the rain check was
29 issued. The issuance of a rain check, however, during the
30 holiday period does not qualify merchandise for the exemption
31 if the product is actually purchased after the holiday period.

32 (g) If a customer purchases an energy-efficient product
33 during the holiday period but later exchanges the product for a
34 substantially similar product of a different size, different
35 color, or other feature, then no additional tax is due even if
36 the exchange is made after the holiday period.

1 If a customer purchases an energy-efficient product during
2 the holiday period, but after the holiday period has ended, the
3 customer returns the product and receives credit on the
4 purchase of a different product, then the newly purchased
5 product is subject to the full tax rate.

6 If a customer purchases an energy-efficient product before
7 the holiday period, but, during the holiday period, the
8 customer returns the product and receives credit on the
9 purchase of a different energy-efficient product, then the
10 newly purchased product is subject to the exemption.

11 (h) Each unit of local government that imposes a retailers'
12 occupation tax may, by resolution or ordinance, declare a tax
13 holiday with respect to its occupation tax for the same items,
14 during the same periods, and under the same conditions and is
15 encouraged to do so.

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.