



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB5103

by Rep. Jack D. Franks

SYNOPSIS AS INTRODUCED:

35 ILCS 5/218 new

Amends the Illinois Income Tax Act. Creates an income tax credit for individual taxpayers who purchase qualified merchandise during the period from 12:01 a.m. on the first Friday in August through midnight of the Sunday that follows 9 days later. Sets the amount of the credit at an amount equal to 6.25% of the purchase. Defines "qualified merchandise" as any article of clothing or footwear or computer that is sold at or below certain selling prices. Sets forth criteria for transactions to qualify for the credit. Provides that the credit may not be carried forward or back and may not reduce the taxpayer's liability to less than zero. Effective immediately.

LRB095 17013 BDD 45602 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by adding
5 Section 218 as follows:

6 (35 ILCS 5/218 new)

7 Sec. 218. Back-to-school purchase credit.

8 (a) For taxable years ending on or after December 31, 2008
9 and on or before December 30, 2013, each individual taxpayer
10 who purchases qualified merchandise during the back-to-school
11 period is entitled to a credit against the tax imposed under
12 subsections (a) and (b) of Section 201 in an amount equal to
13 6.25% of the purchase.

14 (b) For the purpose of this Section:

15 "Back-to-school period" means the period from 12:01 a.m. on
16 the first Friday in August through midnight of the Sunday that
17 follows 9 days later.

18 "Qualified merchandise" means:

19 (1) an article of clothing or footwear that is
20 purchased for a selling price of \$200 or less; and

21 (2) a computer that is purchased for a selling price of
22 \$1,500 or less.

23 "Clothing or footwear" means an article of apparel designed

1 to be worn about the human body. The term does not include
2 accessories such as jewelry, handbags, purses, briefcases,
3 luggage, wallets, watches, and similar items that are carried
4 on or about the human body, without regard to whether the item
5 is worn on the body in a manner that is characteristic of
6 clothing.

7 "Computer" means a central processing unit for personal use
8 plus any peripheral sold with it and any computer software
9 installed in it at the time of purchase. The term "computer"
10 includes desktop computers, laptop computers, hand-held
11 computers, and personal digital assistants. The term
12 "computer" does not include any device designed primarily for
13 video game applications. The term "peripheral" includes any
14 monitor, keyboard, printer, scanner, web/PC camera,
15 microphone, external drive, network card, internal drive, and
16 additional storage.

17 (c) For purpose of this Section, a "purchase" occurs during
18 the back-to-school period if the buyer places an order and pays
19 the purchase price by cash or credit during the tax
20 back-to-school period regardless of whether the delivery of the
21 item occurs after the tax back-to-school period.

22 An item of qualified merchandise that is placed in a
23 layaway or similar deferred plan during the back-to-school
24 period is not eligible for the credit unless the item is
25 delivered to the purchaser during the period. An item that was
26 placed in a layaway or similar deferred plan before the

1 back-to-school period and is then delivered to the purchaser
2 during the back-to-school period is eligible for the credit.

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

10 The amount of any rebate may not be considered when
11 determining the selling price of the item for the purposes of
12 this credit.

13 (e) Articles that are normally sold as a unit must continue
14 to be sold in that manner; they may not be priced separately
15 and sold as individual items in order to be subject to the
16 credit. For example, if a pair of shoes sells for \$220, the
17 pair cannot be split in order to sell each shoe for \$110 to
18 qualify for the credit. If a uniform is normally priced at \$250
19 on a single price tag, the uniform cannot be split into
20 separate articles so that any of the components may be sold for
21 less than \$200 in order to qualify for the credit. Components
22 that are normally priced as separate articles, however, may
23 continue to be sold as separate articles.

24 (f) Qualified merchandise that customers purchase during
25 the back-to-school period with the use of a rain check
26 qualifies for the credit regardless of when the rain check was

1 issued. The issuance of a rain check, however, during the
2 back-to-school period does not qualify merchandise for the
3 credit if the merchandise is actually purchased after the
4 back-to-school period.

5 (g) If a customer purchases an item of qualified
6 merchandise during the back-to-school period but later
7 exchanges the item for a substantially similar item of a
8 different size, different color, or other feature, then the
9 item qualifies for the credit even if the exchange is made
10 after the back-to-school period.

11 If a customer purchases an item of qualified merchandise
12 during the back-to-school period, but after the back-to-school
13 period has ended, the customer returns the item and receives
14 credit on the purchase of a different item, then the newly
15 purchased item does not qualify for the credit.

16 If a customer purchases an item of qualified merchandise
17 before the back-to-school period, but during the
18 back-to-school period, the customer returns the item and
19 receives credit on the purchase of a different item of
20 qualified merchandise, then the newly purchased qualifies for
21 the credit.

22 (h) The credit under this Section may not be carried
23 forward or back and may not reduce the taxpayer's liability to
24 less than zero.

25 Section 99. Effective date. This Act takes effect upon
26 becoming law.