

# HB1637



## 104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB1637

Introduced 1/28/2025, by Rep. Amy L. Grant

### SYNOPSIS AS INTRODUCED:

35 ILCS 505/2

from Ch. 120, par. 418

Amends the Motor Fuel Tax Law. Provides that an increase in the rate of tax based on the change in the Consumer Price Index shall not occur from July 1, 2025 until July 1, 2027. Effective immediately.

LRB104 07466 HLH 17507 b

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 Motor Fuel Tax Law is amended by changing  
5 Section 2 as follows:

6 (35 ILCS 505/2) (from Ch. 120, par. 418)

7 Sec. 2. A tax is imposed on the privilege of operating  
8 motor vehicles upon the public highways and recreational-type  
9 watercraft upon the waters of this State.

10 (a) Prior to August 1, 1989, the tax is imposed at the rate  
11 of 13 cents per gallon on all motor fuel used in motor vehicles  
12 operating on the public highways and recreational type  
13 watercraft operating upon the waters of this State. Beginning  
14 on August 1, 1989 and until January 1, 1990, the rate of the  
15 tax imposed in this paragraph shall be 16 cents per gallon.  
16 Beginning January 1, 1990 and until July 1, 2019, the rate of  
17 tax imposed in this paragraph, including the tax on compressed  
18 natural gas, shall be 19 cents per gallon. Beginning July 1,  
19 2019 and until July 1, 2020, the rate of tax imposed in this  
20 paragraph shall be 38 cents per gallon. Beginning July 1, 2020  
21 and until July 1, 2021, the rate of tax imposed in this  
22 paragraph shall be 38.7 cents per gallon. Beginning July 1,  
23 2021 and until January 1, 2023, the rate of tax imposed in this

1 paragraph shall be 39.2 cents per gallon. On January 1, 2023,  
2 the rate of tax imposed in this paragraph shall be increased by  
3 an amount equal to the percentage increase, if any, in the  
4 Consumer Price Index for the 12 months ending in September of  
5 2022. On July 1, 2023, and on July 1 of each subsequent year,  
6 except as otherwise provided in this subsection, the rate of  
7 tax imposed in this paragraph shall be increased by an amount  
8 equal to the percentage increase, if any, in the Consumer  
9 Price Index for the 12 months ending in March of the year in  
10 which the increase takes place. The percentage increase in the  
11 Consumer Price Index shall be calculated as follows: (1)  
12 calculate the average Consumer Price Index for the full 12  
13 months ending in March of the year in which the increase takes  
14 place; (2) calculate the average Consumer Price Index for the  
15 full 12 months ending in March of the year immediately  
16 preceding the year in which the increase takes place; (3)  
17 calculate the percentage increase, if any, in the current-year  
18 average determined under item (1) over the preceding-year  
19 average determined under item (2). The rate shall be rounded  
20 to the nearest one-tenth of one cent. Notwithstanding the  
21 provisions of this Section, the increase described in this  
22 subsection based on the Consumer Price Index shall not occur  
23 from July 1, 2025 until July 1, 2027.

24 (a-5) Beginning on July 1, 2022 and through December 31,  
25 2022, each retailer of motor fuel shall cause the following  
26 notice to be posted in a prominently visible place on each

1 retail dispensing device that is used to dispense motor fuel  
2 in the State of Illinois: "As of July 1, 2022, the State of  
3 Illinois has suspended the inflation adjustment to the motor  
4 fuel tax through December 31, 2022. The price on this pump  
5 should reflect the suspension of the tax increase." The notice  
6 shall be printed in bold print on a sign that is no smaller  
7 than 4 inches by 8 inches. The sign shall be clearly visible to  
8 customers. Any retailer who fails to post or maintain a  
9 required sign through December 31, 2022 is guilty of a petty  
10 offense for which the fine shall be \$500 per day per each  
11 retail premises where a violation occurs.

12 (b) Until July 1, 2019, the tax on the privilege of  
13 operating motor vehicles which use diesel fuel, liquefied  
14 natural gas, or propane shall be the rate according to  
15 paragraph (a) plus an additional 2 1/2 cents per gallon.  
16 Beginning July 1, 2019, the tax on the privilege of operating  
17 motor vehicles which use diesel fuel, liquefied natural gas,  
18 or propane shall be the rate according to subsection (a) plus  
19 an additional 7.5 cents per gallon. "Diesel fuel" is defined  
20 as any product intended for use or offered for sale as a fuel  
21 for engines in which the fuel is injected into the combustion  
22 chamber and ignited by pressure without electric spark.

23 (c) A tax is imposed upon the privilege of engaging in the  
24 business of selling motor fuel as a retailer or reseller on all  
25 motor fuel used in motor vehicles operating on the public  
26 highways and recreational type watercraft operating upon the

1 waters of this State: (1) at the rate of 3 cents per gallon on  
2 motor fuel owned or possessed by such retailer or reseller at  
3 12:01 a.m. on August 1, 1989; and (2) at the rate of 3 cents  
4 per gallon on motor fuel owned or possessed by such retailer or  
5 reseller at 12:01 A.M. on January 1, 1990.

6 Retailers and resellers who are subject to this additional  
7 tax shall be required to inventory such motor fuel and pay this  
8 additional tax in a manner prescribed by the Department of  
9 Revenue.

10 The tax imposed in this paragraph (c) shall be in addition  
11 to all other taxes imposed by the State of Illinois or any unit  
12 of local government in this State.

13 (d) Except as provided in Section 2a, the collection of a  
14 tax based on gallonage of gasoline used for the propulsion of  
15 any aircraft is prohibited on and after October 1, 1979, and  
16 the collection of a tax based on gallonage of special fuel used  
17 for the propulsion of any aircraft is prohibited on and after  
18 December 1, 2019.

19 (e) The collection of a tax, based on gallonage of all  
20 products commonly or commercially known or sold as 1-K  
21 kerosene, regardless of its classification or uses, is  
22 prohibited (i) on and after July 1, 1992 until December 31,  
23 1999, except when the 1-K kerosene is either: (1) delivered  
24 into bulk storage facilities of a bulk user, or (2) delivered  
25 directly into the fuel supply tanks of motor vehicles and (ii)  
26 on and after January 1, 2000. Beginning on January 1, 2000, the

1 collection of a tax, based on gallonage of all products  
2 commonly or commercially known or sold as 1-K kerosene,  
3 regardless of its classification or uses, is prohibited except  
4 when the 1-K kerosene is delivered directly into a storage  
5 tank that is located at a facility that has withdrawal  
6 facilities that are readily accessible to and are capable of  
7 dispensing 1-K kerosene into the fuel supply tanks of motor  
8 vehicles. For purposes of this subsection (e), a facility is  
9 considered to have withdrawal facilities that are not "readily  
10 accessible to and capable of dispensing 1-K kerosene into the  
11 fuel supply tanks of motor vehicles" only if the 1-K kerosene  
12 is delivered from: (i) a dispenser hose that is short enough so  
13 that it will not reach the fuel supply tank of a motor vehicle  
14 or (ii) a dispenser that is enclosed by a fence or other  
15 physical barrier so that a vehicle cannot pull alongside the  
16 dispenser to permit fueling.

17 Any person who sells or uses 1-K kerosene for use in motor  
18 vehicles upon which the tax imposed by this Law has not been  
19 paid shall be liable for any tax due on the sales or use of 1-K  
20 kerosene.

21 As used in this Section, "Consumer Price Index" means the  
22 index published by the Bureau of Labor Statistics of the  
23 United States Department of Labor that measures the average  
24 change in prices of goods and services purchased by all urban  
25 consumers, United States city average, all items, 1982-84 =  
26 100.

1 (Source: P.A. 102-700, eff. 4-19-22; 103-995, eff. 8-9-24.)

2 Section 99. Effective date. This Act takes effect upon  
3 becoming law.