



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB2686

Introduced 2/6/2025, by Rep. William "Will" Davis

SYNOPSIS AS INTRODUCED:

30 ILCS 105/6z-17	from Ch. 127, par. 142z-17
30 ILCS 115/1	from Ch. 85, par. 611
30 ILCS 115/2	from Ch. 85, par. 612

Amends the State Finance Act and the State Revenue Sharing Act. Provides that certain provisions concerning distributions from the State and Local Sales Tax Reform Fund and from the Local Government Distributive Fund constitute an irrevocable and continuing appropriation. Effective immediately.

LRB104 03444 HLH 13467 b

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 State Finance Act is amended by changing
5 Section 6z-17 as follows:

6 (30 ILCS 105/6z-17) (from Ch. 127, par. 142z-17)

7 Sec. 6z-17. State and Local Sales Tax Reform Fund.

8 (a) After deducting the amount transferred to the Tax
9 Compliance and Administration Fund under subsection (b), of
10 the money paid into the State and Local Sales Tax Reform Fund:

11 ~~(i) subject to appropriation to the Department of Revenue,~~
12 Municipalities having 1,000,000 or more inhabitants shall
13 receive 20% and may expend such amount to fund and establish a
14 program for developing and coordinating public and private
15 resources targeted to meet the affordable housing needs of
16 low-income and very low-income households within such
17 municipality, (ii) 10% shall be transferred into the Regional
18 Transportation Authority Occupation and Use Tax Replacement
19 Fund, a special fund in the State treasury which is hereby
20 created, (iii) until July 1, 2013, subject to appropriation to
21 the Department of Transportation, the Madison County Mass
22 Transit District shall receive .6%, and beginning on July 1,
23 2013, ~~subject to appropriation to the Department of Revenue,~~

1 0.6% shall be distributed by the Department of Revenue each
 2 month out of the Fund to the Madison County Mass Transit
 3 District, (iv) the following amounts, plus any cumulative
 4 deficiency in such transfers for prior months, shall be
 5 transferred monthly into the Build Illinois Fund and credited
 6 to the Build Illinois Bond Account therein:

7 Fiscal Year	Amount
8 1990	\$2,700,000
9 1991	1,850,000
10 1992	2,750,000
11 1993	2,950,000

12 From Fiscal Year 1994 through Fiscal Year 2025 the
 13 transfer shall total \$3,150,000 monthly, plus any cumulative
 14 deficiency in such transfers for prior months, and (v) the
 15 remainder of the money paid into the State and Local Sales Tax
 16 Reform Fund shall be transferred into the Local Government
 17 Distributive Fund and, except for municipalities with
 18 1,000,000 or more inhabitants which shall receive no portion
 19 of such remainder, shall be distributed, ~~subject to~~
 20 ~~appropriation,~~ in the manner provided by Section 2 of the
 21 State Revenue Sharing Act ~~"An Act in relation to State revenue~~
 22 ~~sharing with local government entities", approved July 31,~~
 23 ~~1969, as now or hereafter amended.~~ Municipalities with more
 24 than 50,000 inhabitants according to the 1980 U.S. Census and
 25 located within the Metro East Mass Transit District receiving
 26 funds pursuant to provision (v) of this paragraph may expend

1 such amounts to fund and establish a program for developing
2 and coordinating public and private resources targeted to meet
3 the affordable housing needs of low-income and very low-income
4 households within such municipality.

5 Moneys transferred from the Grocery Tax Replacement Fund
6 to the State and Local Sales Tax Reform Fund under Section
7 6z-130 shall be treated under this Section in the same manner
8 as if they had been remitted with the return on which they were
9 reported.

10 (b) Beginning on the first day of the first calendar month
11 to occur on or after the effective date of this amendatory Act
12 of the 98th General Assembly, each month the Department of
13 Revenue shall certify to the State Comptroller and the State
14 Treasurer, and the State Comptroller shall order transferred
15 and the State Treasurer shall transfer from the State and
16 Local Sales Tax Reform Fund to the Tax Compliance and
17 Administration Fund, an amount equal to 1/12 of 5% of 20% of
18 the cash receipts collected during the preceding fiscal year
19 by the Audit Bureau of the Department of Revenue under the Use
20 Tax Act, the Service Use Tax Act, the Service Occupation Tax
21 Act, the Retailers' Occupation Tax Act, and associated local
22 occupation and use taxes administered by the Department. The
23 amount distributed under subsection (a) each month shall first
24 be reduced by the amount transferred to the Tax Compliance and
25 Administration Fund under this subsection (b). Moneys
26 transferred to the Tax Compliance and Administration Fund

1 under this subsection (b) shall be used, subject to
2 appropriation, to fund additional auditors and compliance
3 personnel at the Department of Revenue.

4 (c) The provisions of this Section directing the
5 distributions from the State and Local Sales Tax Reform Fund,
6 including, but not limited to, amounts that are distributed in
7 the manner provided by Section 2 of the State Revenue Sharing
8 Act, shall constitute an irrevocable and continuing
9 appropriation of all amounts as provided in this Section. The
10 State Treasurer and State Comptroller are hereby authorized to
11 make distributions as provided in this Section.

12 (Source: P.A. 102-700, eff. 4-19-22.)

13 Section 10. The State Revenue Sharing Act is amended by
14 changing Sections 1 and 2 as follows:

15 (30 ILCS 115/1) (from Ch. 85, par. 611)

16 Sec. 1. Local Government Distributive Fund. Through June
17 30, 1994, as soon as may be after the first day of each month
18 the Department of Revenue shall certify to the Treasurer an
19 amount equal to 1/12 of the net revenue realized from the tax
20 imposed by subsections (a) and (b) of Section 201 of the
21 Illinois Income Tax Act during the preceding month. Beginning
22 July 1, 1994, and continuing through June 30, 1995, as soon as
23 may be after the first day of each month, the Department of
24 Revenue shall certify to the Treasurer an amount equal to 1/11

1 of the net revenue realized from the tax imposed by
2 subsections (a) and (b) of Section 201 of the Illinois Income
3 Tax Act during the preceding month. Beginning July 1, 1995, as
4 soon as may be after the first day of each month, the
5 Department of Revenue shall certify to the Treasurer an amount
6 equal to the amounts calculated pursuant to subsection (b) of
7 Section 901 of the Illinois Income Tax Act based on the net
8 revenue realized from the tax imposed by subsections (a) and
9 (b) of Section 201 of the Illinois Income Tax Act during the
10 preceding month. Net revenue realized for a month shall be
11 defined as the revenue from the tax imposed by subsections (a)
12 and (b) of Section 201 of the Illinois Income Tax Act which is
13 deposited in the General Revenue Fund, the Education
14 Assistance Fund and the Income Tax Surcharge Local Government
15 Distributive Fund during the month minus the amount paid out
16 of the General Revenue Fund in State warrants during that same
17 month as refunds to taxpayers for overpayment of liability
18 under the tax imposed by subsections (a) and (b) of Section 201
19 of the Illinois Income Tax Act. Upon receipt of such
20 certification, the Treasurer shall transfer from the General
21 Revenue Fund to a special fund in the State treasury, to be
22 known as the "Local Government Distributive Fund", the amount
23 shown on such certification.

24 Beginning on the effective date of this amendatory Act of
25 the 98th General Assembly, the Comptroller shall perform the
26 transfers required by this Section no later than 60 days after

1 he or she receives the certification from the Treasurer.

2 This Section constitutes an irrevocable and continuing
3 appropriation of all All amounts that are paid into the Local
4 Government Distributive Fund in accordance with this Section
5 or from any other other source and that are allocated pursuant
6 to this Act ~~are appropriated on a continuing basis~~. The State
7 Treasurer and State Comptroller are hereby authorized to make
8 distributions as provided in this Act.

9 (Source: P.A. 98-1052, eff. 8-26-14.)

10 (30 ILCS 115/2) (from Ch. 85, par. 612)

11 Sec. 2. Allocation and Disbursement.

12 (a) As soon as may be after the first day of each month,
13 the Department of Revenue shall allocate among the several
14 municipalities and counties of this State the amount available
15 in the Local Government Distributive Fund and in the Income
16 Tax Surcharge Local Government Distributive Fund, determined
17 as provided in Sections 1 and 1a above. Except as provided in
18 Sections 13 and 13.1 of this Act, the Department shall then
19 certify such allocations to the State Comptroller, who shall
20 pay over to the several municipalities and counties the
21 respective amounts allocated to them. The amount of such Funds
22 allocable to each such municipality and county shall be in
23 proportion to the number of individual residents of such
24 municipality or county to the total population of the State,
25 determined in each case on the basis of the latest census of

1 the State, municipality or county conducted by the Federal
2 government and certified by the Secretary of State and for
3 annexations to municipalities, the latest Federal, State or
4 municipal census of the annexed area which has been certified
5 by the Department of Revenue. Allocations to the City of
6 Chicago under this Section are subject to Section 6 of the
7 Hotel Operators' Occupation Tax Act. For the purpose of this
8 Section, the number of individual residents of a county shall
9 be reduced by the number of individuals residing therein in
10 municipalities, but the number of individual residents of the
11 State, county and municipality shall reflect the latest census
12 of any of them. ~~The amounts transferred into the Local
13 Government Distributive Fund pursuant to Section 9 of the Use
14 Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the
15 Service Occupation Tax Act, and Section 3 of the Retailers'
16 Occupation Tax Act, each as now or hereafter amended, pursuant
17 to the amendments of such Sections by Public Act 85-1135,
18 shall be distributed as provided in said Sections.~~

19 (b) It is the intent of the General Assembly that
20 allocations made under this Section shall be made in a fair and
21 equitable manner. Accordingly, the clerk of any municipality
22 to which territory has been annexed, or from which territory
23 has been disconnected, shall notify the Department of Revenue
24 in writing of that annexation or disconnection and shall (1)
25 state the number of residents within the territory that was
26 annexed or disconnected, based on the last census conducted by

1 the federal, State, or municipal government and certified by
2 the Illinois Secretary of State, and (2) furnish therewith a
3 certified copy of the plat of annexation or, in the case of
4 disconnection, the ordinance, final judgment, or resolution of
5 disconnection together with an accurate depiction of the
6 territory disconnected. The county in which the annexed or
7 disconnected territory is located shall verify that the number
8 of residents stated on the written notice that is to be sent to
9 the Department of Revenue is true and accurate. The verified
10 statement of the county shall accompany the written notice.
11 However, if the county does not respond to the municipality's
12 request for verification within 30 days, this verification
13 requirement shall be waived. The written notice shall be
14 provided to the Department of Revenue (1) within 30 days after
15 the effective date of this amendatory Act of the 96th General
16 Assembly for disconnections occurring after January 1, 2007
17 and before the effective date of this amendatory Act of the
18 96th General Assembly or (2) within 30 days after the
19 annexation or disconnection for annexations or disconnections
20 occurring on or after the effective date of this amendatory
21 Act of the 96th General Assembly. For purposes of this
22 Section, a disconnection or annexation through court order is
23 deemed to be effective 30 days after the entry of a final
24 judgment order, unless stayed pending appeal. Thereafter, the
25 monthly allocation made to the municipality and to any other
26 municipality or county affected by the annexation or

1 disconnection shall be adjusted in accordance with this
2 Section to reflect the change in residency of the residents of
3 the territory that was annexed or disconnected. The adjustment
4 shall be made no later than 30 days after the Department of
5 Revenue's receipt of the written notice of annexation or
6 disconnection described in this Section.

7 (Source: P.A. 96-1040, eff. 7-14-10.)

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