



Sen. Cristina Castro

Filed: 4/27/2026

10400SB1314sam001

LRB104 07123 HLH 36980 a

1 AMENDMENT TO SENATE BILL 1314

2 AMENDMENT NO. _____. Amend Senate Bill 1314 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Tobacco Products Tax Act of 1995 is
5 amended by changing Sections 10-5, 10-10, 10-25, 10-30, 10-35,
6 10-37, 10-38, 10-45, and 10-50 and by adding Section 10-24 as
7 follows:

8 (35 ILCS 143/10-5)

9 Sec. 10-5. Definitions. For purposes of this Act:

10 "Actual cost" means the actual price paid for each
11 individual SKU by a distributor or a remote retail seller
12 before any stated discounts or rebates.

13 "Actual cost list" means the average actual price paid for
14 a SKU by a distributor or a remote retail seller, before any
15 stated discounts or rebates, to a manufacturer, wholesaler, or
16 distributor during the calendar year immediately preceding the

1 calendar year in which the sale occurs.

2 "Alternative nicotine product" means a product or device
3 not consisting of or containing tobacco that provides for the
4 ingestion into the body of nicotine, whether by chewing,
5 smoking, absorbing, dissolving, inhaling, snorting, sniffing,
6 or by any other means. "Alternative nicotine product" does not
7 include: cigarettes as defined in Section 1 of the Cigarette
8 Tax Act; tobacco products and electronic cigarettes as defined
9 in this Act; or any product that is approved by the United
10 States Food and Drug Administration for sale as a tobacco
11 cessation product, as a tobacco dependence product, or for
12 other medical purposes and that is being marketed and sold
13 solely for that approved purpose.

14 "Business" means any trade, occupation, activity, or
15 enterprise engaged in, at any location whatsoever, for the
16 purpose of selling tobacco products.

17 "Cigar" means any roll of tobacco wrapped in leaf tobacco
18 or in any substance containing tobacco. "Cigar" does not
19 include a little cigar or any roll of tobacco that is
20 classified as a cigarette within the meaning of Section 1 of
21 the Cigarette Tax Act.

22 "Cigarette" has the meaning ascribed to the term in
23 Section 1 of the Cigarette Tax Act.

24 "Contraband little cigar" means:

25 (1) packages of little cigars containing 20 or 25
26 little cigars that do not bear a required tax stamp under

1 this Act;

2 (2) packages of little cigars containing 20 or 25
3 little cigars that bear a fraudulent, imitation, or
4 counterfeit tax stamp;

5 (3) packages of little cigars containing 20 or 25
6 little cigars that are improperly tax stamped, including
7 packages of little cigars that bear only a tax stamp of
8 another state or taxing jurisdiction; or

9 (4) packages of little cigars containing other than 20
10 or 25 little cigars in the possession of a distributor,
11 retailer, or wholesaler, unless the distributor, retailer,
12 or wholesaler possesses, or produces within the time frame
13 provided in Section 10-27 or 10-28 of this Act, an invoice
14 from a stamping distributor, distributor, or wholesaler
15 showing that the tax on the packages has been or will be
16 paid.

17 "Consumer" means a person who acquires ownership of
18 tangible personal property, including tobacco products, for
19 use or consumption in this State and not for resale.

20 "Correctional Industries program" means a program run by a
21 State penal institution in which residents of the penal
22 institution produce tobacco products for sale to persons
23 incarcerated in penal institutions or resident patients of a
24 State-operated ~~State-operated~~ mental health facility.

25 "Department" means the Illinois Department of Revenue.

26 "Distributor" means any of the following:

1 (1) Any manufacturer or wholesaler in this State
2 engaged in the business of selling tobacco products who
3 sells, exchanges, or distributes tobacco products to
4 retailers or consumers in this State.

5 (2) Any manufacturer or wholesaler engaged in the
6 business of selling tobacco products from without this
7 State who sells, exchanges, distributes, ships, or
8 transports tobacco products to retailers or consumers
9 located in this State, so long as that manufacturer or
10 wholesaler has or maintains within this State, directly or
11 by subsidiary, an office, sales house, or other place of
12 business, or any agent or other representative operating
13 within this State under the authority of the person or
14 subsidiary, irrespective of whether the place of business
15 or agent or other representative is located here
16 permanently or temporarily.

17 (3) Any retailer who receives tobacco products on
18 which the tax has not been or will not be paid by another
19 distributor.

20 "Distributor" does not include any person, wherever
21 resident or located, who makes, manufactures, or fabricates
22 tobacco products as part of a Correctional Industries program
23 for sale to residents incarcerated in penal institutions or
24 resident patients of a State-operated ~~State-operated~~ mental
25 health facility.

26 "Electronic cigarette" means:

1 (1) any device that employs a battery or other
2 mechanism to heat a solution or substance to produce a
3 vapor or aerosol intended for inhalation, except for (A)
4 any device designed solely for use with cannabis that
5 contains a statement on the retail packaging that the
6 device is designed solely for use with cannabis and not
7 for use with tobacco or (B) any device that contains a
8 solution or substance that contains cannabis subject to
9 tax under the Compassionate Use of Medical Cannabis
10 Program Act or the Cannabis Regulation and Tax Act;

11 (2) any cartridge or container of a solution or
12 substance intended to be used with or in the device or to
13 refill the device, except for any cartridge or container
14 of a solution or substance that contains cannabis subject
15 to tax under the Compassionate Use of Medical Cannabis
16 Program Act or the Cannabis Regulation and Tax Act; or

17 (3) any solution or substance, whether or not it
18 contains nicotine, intended for use in the device, except
19 for any solution or substance that contains cannabis
20 subject to tax under the Compassionate Use of Medical
21 Cannabis Program Act or the Cannabis Regulation and Tax
22 Act.

23 The changes made to the definition of "electronic
24 cigarette" by this amendatory Act of the 102nd General
25 Assembly apply on and after June 28, 2019, but no claim for
26 credit or refund is allowed on or after the effective date of

1 this amendatory Act of the 102nd General Assembly for such
2 taxes paid during the period beginning June 28, 2019 and the
3 effective date of this amendatory Act of the 102nd General
4 Assembly.

5 "Electronic cigarette" includes, but is not limited to,
6 any electronic nicotine delivery system, electronic cigar,
7 electronic cigarillo, electronic pipe, electronic hookah, vape
8 pen, or similar product or device, and any component or part
9 that can be used to build the product or device. "Electronic
10 cigarette" does not include: cigarettes, as defined in Section
11 1 of the Cigarette Tax Act; any product approved by the United
12 States Food and Drug Administration for sale as a tobacco
13 cessation product, a tobacco dependence product, or for other
14 medical purposes that is marketed and sold solely for that
15 approved purpose; any asthma inhaler prescribed by a physician
16 for that condition that is marketed and sold solely for that
17 approved purpose; or any therapeutic product approved for use
18 under the Compassionate Use of Medical Cannabis Program Act.

19 "Little cigar" means and includes any roll, made wholly or
20 in part of tobacco, where such roll has an integrated
21 cellulose acetate filter and weighs less than 4 pounds per
22 thousand and the wrapper or cover of which is made in whole or
23 in part of tobacco.

24 "Manufacturer" means any person, wherever resident or
25 located, who manufactures and sells tobacco products, except a
26 person who makes, manufactures, or fabricates tobacco products

1 as a part of a Correctional Industries program for sale to
2 persons incarcerated in penal institutions or resident
3 patients of a State-operated ~~State-operated~~ mental health
4 facility.

5 Beginning on January 1, 2013, "moist snuff" means any
6 finely cut, ground, or powdered tobacco that is not intended
7 to be smoked, but shall not include any finely cut, ground, or
8 powdered tobacco that is intended to be placed in the nasal
9 cavity.

10 "Nicotine" means any form of the chemical nicotine,
11 including any salt or complex, regardless of whether the
12 chemical is naturally or synthetically derived, and includes
13 nicotinic alkaloids and nicotine analogs.

14 "Person" means any natural individual, firm, partnership,
15 association, joint stock company, joint venture, limited
16 liability company, or public or private corporation, however
17 formed, or a receiver, executor, administrator, trustee,
18 conservator, or other representative appointed by order of any
19 court.

20 "Pipe tobacco" means any tobacco that, because of its
21 appearance, type, packaging, or labeling, is suitable for use
22 in a pipe and is likely to be offered to or purchased by a
23 consumer as tobacco to be smoked in a pipe.

24 "Place of business" means and includes any place where
25 tobacco products are sold or where tobacco products are
26 manufactured, stored, or kept for the purpose of sale or

1 consumption, including any vessel, vehicle, airplane, train,
2 or vending machine.

3 "Prior continuous compliance taxpayer" means any person
4 who is licensed under this Act and who, having been a licensee
5 for a continuous period of 2 years, is determined by the
6 Department not to have been either delinquent or deficient in
7 the payment of tax liability during that period or otherwise
8 in violation of this Act. "Prior continuous compliance
9 taxpayer" also means any taxpayer who has, as verified by the
10 Department, continuously complied with the condition of his
11 bond or other security under provisions of this Act for a
12 period of 2 consecutive years. In calculating the consecutive
13 period of time described in this definition for qualification
14 as a prior continuous compliance taxpayer, a consecutive
15 period of time of qualifying compliance immediately prior to
16 the effective date of this amendatory Act of the 103rd General
17 Assembly shall be credited to any licensee who became licensed
18 on or before the effective date of this amendatory Act of the
19 103rd General Assembly. A distributor that is a prior
20 continuous compliance taxpayer and becomes a successor to a
21 distributor as the result of an acquisition, merger, or
22 consolidation of that distributor shall be deemed to be a
23 prior continuous compliance taxpayer with respect to the
24 acquired, merged, or consolidated entity.

25 "Remote retail sale" means a sale by a remote retail
26 seller of cigars, pipe tobacco, or alternative nicotine

1 products to a consumer in this State when:

2 (1) the buyer submits the order for the sale by means
3 of a telephone or other method of voice transmission, by
4 first-class mail, or by using the Internet or other online
5 service, or if the seller is otherwise not in the physical
6 presence of the buyer when the request for purchase or
7 order is made; or

8 (2) the cigars, pipe tobacco, or alternative nicotine
9 products are delivered to the buyer by common carrier,
10 private delivery service, or other method of remote
11 delivery, or the seller is not in the physical presence of
12 the buyer when the buyer obtains possession of the cigars,
13 pipe tobacco, or alternative nicotine products.

14 "Remote retail seller" means a person located outside of
15 this State who makes remote retail sales of cigars, pipe
16 tobacco, or alternative nicotine products, so long as that
17 person does not maintain within this State, directly or by a
18 subsidiary, an office, distribution house, sales house,
19 warehouse, or other place of business, or any agent or other
20 representative operating within this State under the authority
21 of the person or its subsidiary, irrespective of whether the
22 place of business or the agent is located here permanently or
23 temporarily or whether the person or subsidiary is licensed to
24 do business in this State.

25 "Retailer" means any person in this State engaged in the
26 business of selling tobacco products to consumers in this

1 State, regardless of quantity or number of sales.

2 "Sale" means any transfer, exchange, or barter in any
3 manner or by any means whatsoever for a consideration and
4 includes all sales made by persons.

5 "Stamp" or "stamps" mean the indicia required to be
6 affixed on a package of little cigars that evidence payment of
7 the tax on packages of little cigars containing 20 or 25 little
8 cigars under Section 10-10 of this Act. These stamps shall be
9 the same stamps used for cigarettes under the Cigarette Tax
10 Act.

11 "Stamping distributor" means a distributor licensed under
12 this Act and also licensed as a distributor under the
13 Cigarette Tax Act or Cigarette Use Tax Act.

14 "Stock-keeping unit" or "SKU" means the unique identifier
15 assigned by a manufacturer, distributor, or remote retail
16 seller to various tobacco products in order to track
17 inventory.

18 "Tobacco products" means any product that is made from or
19 derived from tobacco that is intended for human consumption or
20 is likely to be consumed, including but not limited to cigars,
21 including little cigars; cheroots; stogies; periques;
22 granulated, plug cut, crimp cut, ready rubbed, and other
23 smoking tobacco; snuff (including moist snuff) and snuff
24 flour; cavendish; plug and twist tobacco; fine-cut and other
25 chewing tobaccos; shorts; refuse scraps, clippings, cuttings,
26 and sweepings ~~sweeping~~ of tobacco; snus; shisha and tobacco

1 for use in waterpipes; and other kinds and forms of tobacco,
2 prepared in such manner as to be suitable for chewing or
3 smoking in a pipe or otherwise, or both for chewing and smoking
4 or for inhalation, absorption, or ingesting by any other
5 means; but does not include cigarettes as defined in Section 1
6 of the Cigarette Tax Act or tobacco purchased for the
7 manufacture of cigarettes by cigarette distributors and
8 manufacturers defined in the Cigarette Tax Act and persons who
9 make, manufacture, or fabricate cigarettes as a part of a
10 Correctional Industries program for sale to residents
11 incarcerated in penal institutions or resident patients of a
12 State-operated ~~State-operated~~ mental health facility.

13 Beginning on July 1, 2019, "tobacco products" also
14 includes electronic cigarettes.

15 Beginning July 1, 2025, "tobacco products" also includes
16 any product that is made from or derived from tobacco, or that
17 contains nicotine whether natural or synthetic, that is
18 intended for human consumption or is likely to be consumed,
19 including but not limited to nicotine pouches, lozenges, and
20 gum; and other kinds and forms of nicotine prepared in such
21 manner as to be suitable for chewing or smoking in a pipe or
22 otherwise, or both for chewing and smoking or for inhalation,
23 absorption, or ingesting by any other means.

24 "Tobacco products" does not include any product that has
25 been approved by the United States Food and Drug
26 Administration for sale as a tobacco or smoking cessation

1 product, a nicotine replacement therapy product, or for other
2 medical purposes where that product is marketed and sold
3 solely for such approved use, including but not limited to
4 spray or inhaler prescribed by a physician, chewing gum, skin
5 patches, or lozenges.

6 "Wholesale price" means the established list price for
7 which a manufacturer sells tobacco products to a distributor,
8 before the allowance of any discount, trade allowance, rebate,
9 or other reduction. In the absence of such an established list
10 price, the manufacturer's invoice price at which the
11 manufacturer sells the tobacco product to unaffiliated
12 distributors, before any discounts, trade allowances, rebates,
13 or other reductions, shall be presumed to be the wholesale
14 price.

15 "Wholesaler" means any person, wherever resident or
16 located, engaged in the business of selling tobacco products
17 to others for the purpose of resale. "Wholesaler", when used
18 in this Act, does not include a person licensed as a
19 distributor under Section 10-20 of this Act unless expressly
20 stated in this Act.

21 (Source: P.A. 103-1001, eff. 8-9-24; 104-6, eff. 7-1-25.)

22 (35 ILCS 143/10-10)

23 Sec. 10-10. Tax imposed.

24 (a) Except as otherwise provided in this Section with
25 respect to little cigars, on the first day of the third month

1 after the month in which this Act becomes law, a tax is imposed
2 on any person engaged in business as a distributor of tobacco
3 products, as defined in Section 10-5, at the rate of:

4 (1) ~~(i)~~ 18% of the wholesale price of tobacco products
5 sold or otherwise disposed of to retailers or consumers
6 located in this State prior to July 1, 2012;

7 (2) ~~(ii)~~ 36% of the wholesale price of tobacco
8 products sold or otherwise disposed of to retailers or
9 consumers located in this State beginning on July 1, 2012
10 and through June 30, 2025; except that, beginning on
11 January 1, 2013 and through June 30, 2025, the tax on moist
12 snuff shall be imposed at a rate of \$0.30 per ounce, and a
13 proportionate tax at the like rate on all fractional parts
14 of an ounce, sold or otherwise disposed of to retailers or
15 consumers located in this State; and except that,
16 beginning July 1, 2019 and through June 30, 2025, the tax
17 on electronic cigarettes shall be imposed at the rate of
18 15% of the wholesale price of electronic cigarettes sold
19 or otherwise disposed of to retailers or consumers located
20 in this State; and

21 (3) ~~(iii)~~ 45% of the wholesale price of tobacco
22 products, including moist snuff and electronic cigarettes,
23 sold or otherwise disposed of to retailers or consumers
24 located in this State on and after July 1, 2025 and through
25 December 31, 2026; and-

26 (4) beginning on January 1, 2027, 45% of:

1 (A) the actual cost paid by a distributor or
2 remote retail seller for the stock-keeping unit sold
3 or otherwise disposed of to a retailer or consumer in
4 the State; or

5 (B) if documentation of the actual cost paid by a
6 distributor or remote retail seller is not available
7 due to matters beyond the distributor or remote retail
8 seller's control, the actual cost list paid by a
9 distributor or remote retail seller for the
10 stock-keeping unit sold or otherwise disposed of to
11 retailers or consumers located in this State for which
12 documentation is not available.

13 The tax imposed under this subsection (a) is in addition
14 to all other occupation or privilege taxes imposed by the
15 State of Illinois, by any political subdivision thereof, or by
16 any municipal corporation. However, the tax is not imposed
17 upon any activity in that business in interstate commerce or
18 otherwise, to the extent to which that activity may not, under
19 the Constitution and Statutes of the United States, be made
20 the subject of taxation by this State, and except that,
21 beginning July 1, 2013, the tax on little cigars shall be
22 imposed at the same rate, and the proceeds shall be
23 distributed in the same manner, as the tax imposed on
24 cigarettes under the Cigarette Tax Act. The tax is also not
25 imposed on sales made to the United States or any entity
26 thereof.

1 If the Department determines that the actual cost list for
2 a SKU is not indicative of the actual cost paid for the SKU,
3 then the Department may determine the distributor's or remote
4 retail seller's tax liability for the SKU based on the
5 distributor's or remote retail seller's books and records or
6 from information on invoices obtained from the distributor's
7 or remote retail seller's suppliers.

8 (a-5) Beginning January 1, 2027, the tax imposed under
9 subsection (a) is also imposed upon persons who are engaged in
10 business as remote retail sellers of cigars, pipe tobacco, or
11 alternative nicotine products and who make sales to Illinois
12 consumers on which the tax has not been paid by a distributor,
13 if the cumulative gross receipts of the remote retail seller
14 from sales of tangible personal property to consumers in this
15 State are \$100,000 or more.

16 A remote retail seller that meets or exceeds the threshold
17 in this subsection shall be liable for taxes imposed by this
18 Act on all sales made by that remote retail seller of taxable
19 products under this Act to Illinois consumers on which the tax
20 has not been paid by a distributor.

21 The remote retail seller shall determine on a quarterly
22 basis, ending on the last day of March, June, September, and
23 December, whether it meets the threshold of this subsection
24 for the preceding 12-month period. If the remote retail seller
25 meets the threshold for a 12-month period, then the remote
26 retail seller is considered to be engaged in business as a

1 remote retail seller in this State and is required to collect
2 and remit the tax imposed under this Act and to file all
3 applicable returns for the next 12-month period. At the end of
4 that 12-month period, the remote retail seller shall determine
5 whether the remote retail seller met the threshold for the
6 preceding 12-month period. If the remote retail seller met the
7 threshold for the preceding 12-month period, the remote retail
8 seller is considered to be engaged in business as a remote
9 retail seller in this State and is required to collect and
10 remit the tax imposed under this Act and file returns for the
11 subsequent year. If, at the end of a one-year period, a remote
12 retail seller that was required to collect and remit the tax
13 imposed under this Act determines that the remote retail
14 seller did not meet the threshold during the preceding
15 12-month period, then the remote retail seller shall certify
16 to the Department, in the form and manner required by the
17 Department, that the remote retail seller did not meet the
18 threshold during the preceding 12-month period and shall
19 subsequently determine on a quarterly basis, ending on the
20 last day of March, June, September, and December, whether the
21 remote retail seller meets the threshold for the preceding
22 12-month period.

23 (b) Notwithstanding subsection (a) of this Section,
24 stamping distributors of packages of little cigars containing
25 20 or 25 little cigars sold or otherwise disposed of in this
26 State shall remit the tax by purchasing tax stamps from the

1 Department and affixing them to packages of little cigars in
2 the same manner as stamps are purchased and affixed to
3 cigarettes under the Cigarette Tax Act, unless the stamping
4 distributor sells or otherwise disposes of those packages of
5 little cigars to another stamping distributor. Only persons
6 meeting the definition of "stamping distributor" contained in
7 Section 10-5 of this Act may affix stamps to packages of little
8 cigars containing 20 or 25 little cigars. Stamping
9 distributors may not sell or dispose of little cigars at
10 retail to consumers or users at locations where stamping
11 distributors affix stamps to packages of little cigars
12 containing 20 or 25 little cigars.

13 (c) The impact of the tax levied by this Act is imposed
14 upon distributors engaged in the business of selling tobacco
15 products to retailers or consumers in this State. Beginning
16 January 1, 2027, the impact of the tax levied by this Act is
17 also imposed upon remote retail sellers that meet the
18 threshold in subsection (a-5) of this Section. A remote retail
19 seller shall pay the tax on all sales of cigars, pipe tobacco,
20 and alternative nicotine products to consumers in this State
21 on which the tax has not been paid by a distributor. Whenever a
22 stamping distributor brings or causes to be brought into this
23 State from without this State, or purchases from without or
24 within this State, any packages of little cigars containing 20
25 or 25 little cigars upon which there are no tax stamps affixed
26 as required by this Act, for purposes of resale or disposal in

1 this State to a person not a stamping distributor, then such
2 stamping distributor shall pay the tax to the Department and
3 add the amount of the tax to the price of such packages sold by
4 such stamping distributor. Payment of the tax shall be
5 evidenced by a stamp or stamps affixed to each package of
6 little cigars containing 20 or 25 little cigars.

7 Stamping distributors paying the tax to the Department on
8 packages of little cigars containing 20 or 25 little cigars
9 sold to other distributors, wholesalers or retailers shall add
10 the amount of the tax to the price of the packages of little
11 cigars containing 20 or 25 little cigars sold by such stamping
12 distributors.

13 (d) Beginning on January 1, 2013, the tax rate imposed per
14 ounce of moist snuff may not exceed 15% of the tax imposed upon
15 a package of 20 cigarettes pursuant to the Cigarette Tax Act.

16 (d-5) Notwithstanding any other provision of this Section,
17 beginning January 1, 2027 and continuing through December 31,
18 2029, the tax per cigar sold or otherwise disposed of shall not
19 exceed \$0.75 per cigar. This subsection does not apply to
20 little cigars.

21 (e) All moneys received by the Department under this Act
22 from sales occurring prior to July 1, 2012 shall be paid into
23 the Long-Term Care Provider Fund of the State Treasury. Of the
24 moneys received by the Department from sales occurring on or
25 after July 1, 2012, except for moneys received from the tax
26 imposed on the sale of little cigars, 50% shall be paid into

1 the Long-Term Care Provider Fund and 50% shall be paid into the
2 Healthcare Provider Relief Fund. Beginning July 1, 2013, all
3 moneys received by the Department under this Act from the tax
4 imposed on little cigars shall be distributed as provided in
5 Section 2 of the Cigarette Tax Act. Of the moneys received by
6 the Department under this Act from sales occurring on or after
7 July 1, 2025, except for moneys received from the tax imposed
8 on the sale of little cigars, the first \$5,000,000 collected
9 in each fiscal year shall be paid into the Tobacco Settlement
10 Recovery Fund for tobacco health initiatives at the Department
11 of Public Health, and the remainder of the moneys collected in
12 each fiscal year shall be paid as follows: 50% shall be paid
13 into the Long-Term Care Provider Fund; and 50% shall be paid
14 into the Healthcare Provider Relief Fund.

15 (Source: P.A. 104-6, eff. 7-1-25.)

16 (35 ILCS 143/10-24 new)

17 Sec. 10-24. Remote retail seller's license. Beginning on
18 January 1, 2027, it is unlawful for any person who meets the
19 threshold established in subsection (a-5) of Section 10-10 to
20 engage in business as a remote retail seller within the
21 meaning of this Act without first having obtained a license to
22 do so from the Department. Application for that license shall
23 be made to the Department, by electronic means, in a form
24 prescribed by the Department. Each applicant for a license
25 shall furnish to the Department, in an electronic format

1 established by the Department, the following information:

2 (1) the name and address of the applicant;

3 (2) the address of the location at which the applicant
4 proposes to engage in business as a remote retail seller
5 outside this State; and

6 (3) such other additional information as the
7 Department may lawfully require by rule.

8 Beginning on January 1, 2027, in addition to obtaining a
9 license to engage in business as a remote retail seller in this
10 State, no remote retail seller who meets the threshold
11 established in subsection (a-5) of Section 10-10 may engage in
12 business as a remote retail seller within the meaning of this
13 Act without registering under the Retailers' Occupation Tax
14 Act pursuant to Section 2a of that Act.

15 A separate annual license shall be obtained for each place
16 of business at which a person who is required to procure a
17 remote retail seller's license under this Section proposes to
18 engage in business as a remote retail seller under this Act.

19 All licenses issued by the Department under this Section shall
20 be valid for a period not to exceed one year after issuance
21 unless sooner revoked, canceled, or suspended as provided in
22 this Act. All licenses must be renewed on an annual basis. An
23 application submitted by a remote retail seller shall include
24 an acknowledgement consenting to the jurisdiction of the
25 Department and the courts of this State concerning the
26 enforcement of this Act and any related laws, rules, and

1 regulations, including authorizing the Department of Revenue
2 to conduct inspections and audits for the purpose of ensuring
3 compliance with this Act and to issue penalties for violations
4 of this Act.

5 Each remote retail seller must perform age verification
6 through an independent, third-party age verification service
7 that compares information available from a commercially
8 available database, or aggregate of databases, that are
9 regularly used by government agencies and businesses for the
10 purpose of age and identity verification to the personal
11 information entered by the individual during the ordering
12 process that establishes that the individual is of age.

13 If the threshold in subsection (a-5) of Section 10-10 is
14 met, and the tax imposed under this Act is being remitted using
15 the actual cost list method to calculate the tax, each remote
16 retail seller must provide the remote retail seller's
17 certified actual cost list to the Department for each SKU to be
18 offered for remote retail sale in the subsequent calendar
19 year. The actual cost list shall be updated by the remote
20 retail seller quarterly as new SKUs are added to the remote
21 retail seller's inventory. New SKUs will be added using the
22 actual cost first paid for the SKU.

23 The following are ineligible to receive a remote retail
24 seller's license under this Act:

25 (1) a person who has been convicted of a felony under
26 any federal or State law for smuggling cigarettes or

1 tobacco products or tobacco tax evasion, if the
2 Department, after investigation and a hearing if requested
3 by the applicant, determines that such person has not been
4 sufficiently rehabilitated to warrant the public trust;

5 (2) a corporation, if any officer, manager or director
6 thereof, or any stockholder or stockholders owning in the
7 aggregate more than 5% of the stock of such corporation,
8 would not be eligible to receive a license under this Act
9 for any reason; or

10 (3) any person who is in default to the State of
11 Illinois for moneys due under this Act or any other tax Act
12 administered by the Department.

13 The Department, upon receipt of an application, in proper
14 form, from a person who is eligible to receive a remote retail
15 seller's license under this Act, shall issue to such applicant
16 a license in form as prescribed by the Department, which
17 license shall permit the applicant to which it is issued to
18 engage in business as a remote retail seller under this Act at
19 the place shown in the remote retail seller's application. No
20 license issued under this Section is transferable or
21 assignable. A person who obtains a license as a retailer who
22 ceases to do business as specified in the license, or who never
23 commenced business, or whose license is suspended or revoked,
24 shall immediately surrender the license to the Department.

25 The Department may, in its discretion, upon application,
26 authorize the payment of the tax imposed under Section 10-10

1 by any remote retail seller not otherwise subject to the tax
2 imposed under this Act who, to the satisfaction of the
3 Department, furnishes adequate security to ensure payment of
4 the tax. The remote retail seller shall be issued, without
5 charge, a license to remit the tax. When so authorized, it
6 shall be the duty of the remote retail seller to remit the tax
7 imposed upon the actual cost or actual cost list price of the
8 cigars, pipe tobacco, or alternative nicotine products sold or
9 otherwise disposed of to consumers located in this State, in
10 the same manner and subject to the same requirements as any
11 other remote retail seller required to be licensed under this
12 Act.

13 Any person aggrieved by any decision of the Department
14 under this Section may, within 30 days after notice of the
15 decision, protest and request a hearing. Upon receiving a
16 request for a hearing, the Department shall give notice to the
17 person requesting the hearing of the time and place fixed for
18 the hearing and shall hold a hearing in conformity with the
19 provisions of this Act and then issue its final administrative
20 decision in the matter to that person. In the absence of a
21 protest and request for a hearing within 30 days, the
22 Department's decision shall become final without any further
23 determination being made or notice given.

24 (35 ILCS 143/10-25)

25 Sec. 10-25. License actions.

1 (a) The Department may, after notice and a hearing,
2 revoke, cancel, or suspend the license of any distributor, ~~or~~
3 retailer, or remote retail seller who violates any of the
4 provisions of this Act, fails to keep books and records as
5 required under this Act, fails to make books and records
6 available for inspection upon demand by a duly authorized
7 employee of the Department, or violates a rule or regulation
8 of the Department for the administration and enforcement of
9 this Act. The notice shall specify the alleged violation or
10 violations upon which the revocation, cancellation, or
11 suspension proceeding is based.

12 (a-5) The Department may, after notice and a hearing,
13 revoke, cancel, or suspend the license of a distributor or
14 remote retail seller that fails to properly register and remit
15 tax under the Retailers' Occupation Tax Act for all tobacco
16 products that are sold to consumers in this State.

17 (a-10) The Department may, after notice and a hearing,
18 revoke, cancel, or suspend the license of a distributor or
19 remote retail seller who is found in violation of any law,
20 rule, or regulation of the state where the business is located
21 as listed on the license issued by the Department. The notice
22 shall specify the alleged violation or violations upon which
23 the revocation, cancellation, or suspension proceeding is
24 based.

25 (b) The Department may revoke, cancel, or suspend the
26 license of any distributor or remote retail seller for a

1 violation of the Tobacco Products Manufacturers' Escrow
2 Enforcement Act of 2003 as provided in Section 30 of that Act.

3 (c) If the retailer or remote retail seller has a training
4 program that facilitates compliance with minimum-age tobacco
5 laws, the Department shall suspend for 3 days the license of
6 that retailer or remote retail seller for a fourth or
7 subsequent violation of the Prevention of Tobacco Use by
8 Persons under 21 Years of Age and Sale and Distribution of
9 Tobacco Products Act, as provided in subsection (a) of Section
10 2 of that Act. For the purposes of this Section, any violation
11 of subsection (a) of Section 2 of the Prevention of Tobacco Use
12 by Persons under 21 Years of Age and Sale and Distribution of
13 Tobacco Products Act occurring at the retailer's or remote
14 retail seller's licensed location, during a 24-month period,
15 shall be counted as a violation against the retailer or remote
16 retail seller.

17 If the retailer does not have a training program that
18 facilitates compliance with minimum-age tobacco laws, the
19 Department shall suspend for 3 days the license of that
20 retailer for a second violation of the Prevention of Tobacco
21 Use by Persons under 21 Years of Age and Sale and Distribution
22 of Tobacco Products Act, as provided in subsection (a-5) of
23 Section 2 of that Act.

24 If the retailer does not have a training program that
25 facilitates compliance with minimum-age tobacco laws, the
26 Department shall suspend for 7 days the license of that

1 retailer for a third violation of the Prevention of Tobacco
2 Use by Persons under 21 Years of Age and Sale and Distribution
3 of Tobacco Products Act, as provided in subsection (a-5) of
4 Section 2 of that Act.

5 If the retailer does not have a training program that
6 facilitates compliance with minimum-age tobacco laws, the
7 Department shall suspend for 30 days the license of a retailer
8 for a fourth or subsequent violation of the Prevention of
9 Tobacco Use by Persons under 21 Years of Age and Sale and
10 Distribution of Tobacco Products Act, as provided in
11 subsection (a-5) of Section 2 of that Act.

12 A training program that facilitates compliance with
13 minimum-age tobacco laws must include at least the following
14 elements: (i) it must explain that only individuals displaying
15 valid identification demonstrating that they are 21 years of
16 age or older shall be eligible to purchase cigarettes or
17 tobacco products and (ii) it must explain where a clerk can
18 check identification for a date of birth. The training may be
19 conducted electronically. Each retailer that has a training
20 program shall require each employee who completes the training
21 program to sign a form attesting that the employee has
22 received and completed tobacco training. The form shall be
23 kept in the employee's file and may be used to provide proof of
24 training.

25 (d) The Department may, by application to any circuit
26 court, obtain an injunction restraining any person who engages

1 in business as a distributor or remote retail seller of
2 tobacco products without a license (either because his or her
3 license has been revoked, canceled, or suspended or because of
4 a failure to obtain a license in the first instance) from
5 engaging in that business until that person, as if that person
6 were a new applicant for a license, complies with all of the
7 conditions, restrictions, and requirements of Section 10-20 or
8 10-24 of this Act and qualifies for and obtains a license.
9 Refusal or neglect to obey the order of the court may result in
10 punishment for contempt.

11 (Source: P.A. 104-6, eff. 6-16-25.)

12 (35 ILCS 143/10-30)

13 Sec. 10-30. Returns.

14 (a) Every distributor shall, on or before the 15th day of
15 each month, file a return with the Department covering the
16 preceding calendar month. Through June 30, 2025, the return
17 shall disclose the wholesale price for all tobacco products
18 other than moist snuff and the quantity in ounces of moist
19 snuff sold or otherwise disposed of and other information that
20 the Department may reasonably require. Beginning January 1,
21 2027, the return shall disclose the actual cost or actual cost
22 list price for all tobacco products, other than little cigars,
23 sold or otherwise disposed of and other information that the
24 Department may reasonably require. Beginning July 1, 2025, the
25 return shall disclose the wholesale price for all tobacco

1 products, including moist snuff, sold or otherwise disposed of
2 and other information that the Department may reasonably
3 require. Information that the Department may reasonably
4 require includes information related to the uniform regulation
5 and taxation of tobacco products.

6 (a-5) Beginning February 1, 2027, every remote retail
7 seller shall, on or before the 15th day of each month, file a
8 return with the Department covering the preceding calendar
9 month. The remote retail seller's return must report all
10 cigars, pipe tobacco, or alternative nicotine products brought
11 in or caused to be brought in from outside the State or shipped
12 or transported to consumers within the State during the
13 preceding calendar month. The return must include further
14 information as the Department may prescribe and must show the
15 total actual cost or actual cost list price paid by a remote
16 retail seller for a stock-keeping unit for the previous
17 calendar month. The return must show the amount of tax due for
18 all remote retail sales made from outside the State, to a
19 consumer within the State during the preceding calendar month.
20 It is the intent and purpose of this amendatory Act of the
21 104th General Assembly that the remote retail seller remit the
22 tax at the time the return is filed. It is further the intent
23 and purpose of this amendatory Act of the 104th General
24 Assembly to impose the tax under this Act only once on all
25 tobacco products sold in the State.

26 (b) In addition to the information required under

1 subsection (a), on or before the 15th day of each month,
2 covering the preceding calendar month, each stamping
3 distributor shall report the quantity of little cigars sold or
4 otherwise disposed of, including the number of packages of
5 little cigars sold or disposed of during the month containing
6 20 or 25 little cigars.

7 (c) At the time when any return of any distributor is due
8 to be filed with the Department, the distributor shall also
9 remit to the Department the tax liability that the distributor
10 has incurred for transactions occurring in the preceding
11 calendar month.

12 (d) All returns and supporting schedules required to be
13 filed under this Section and all payments required to be made
14 under this Section shall be by electronic means in the form
15 prescribed by the Department.

16 (e) If any payment provided for in this Section exceeds
17 the distributor's liabilities under this Act, as shown on an
18 original return, the distributor may credit such excess
19 payment against liability subsequently to be remitted to the
20 Department under this Act, in accordance with reasonable rules
21 adopted by the Department.

22 (Source: P.A. 103-592, eff. 1-1-25; 104-6, Article 10, Section
23 10-10, eff. 7-1-25; 104-6, Article 40, Section 40-30, eff.
24 1-1-26; revised 11-19-25.)

1 Sec. 10-35. Record keeping.

2 (a) Every distributor, as defined in Section 10-5, shall
3 keep complete and accurate records of tobacco products held,
4 purchased, manufactured, brought in or caused to be brought in
5 from without the State, and tobacco products sold, or
6 otherwise disposed of, and shall preserve and keep all
7 invoices, bills of lading, sales records, and copies of bills
8 of sale, the wholesale price, and beginning January 1, 2027
9 the actual cost or actual cost list price for tobacco products
10 sold or otherwise disposed of, an inventory of tobacco
11 products prepared as of December 31 of each year or as of the
12 last day of the distributor's fiscal year if the distributor
13 ~~he or she~~ files federal income tax returns on the basis of a
14 fiscal year, and other pertinent papers and documents relating
15 to the manufacture, purchase, sale, or disposition of tobacco
16 products. Every sales invoice issued by a licensed distributor
17 to a retailer in this State shall contain the distributor's
18 Tobacco Products License number unless the distributor has
19 been granted a waiver by the Department in response to a
20 written request in cases where (i) the distributor sells
21 little cigars or other tobacco products only to licensed
22 retailers that are wholly-owned by the distributor or owned by
23 a wholly-owned subsidiary of the distributor; (ii) the
24 licensed retailer obtains little cigars or other tobacco
25 products only from the distributor requesting the waiver; and
26 (iii) the distributor affixes the tax stamps to the original

1 packages of little cigars or has or will pay the tax on the
2 other tobacco products sold to the licensed retailer. The
3 distributor shall file a written request with the Department,
4 and, if the Department determines that the distributor meets
5 the conditions for a waiver, the Department shall grant the
6 waiver.

7 (b) Every retailer, as defined in Section 10-5, whether or
8 not the retailer has obtained a retailer's license pursuant to
9 Section 4g, shall keep complete and accurate records of
10 tobacco products held, purchased, sold, or otherwise disposed
11 of, and shall preserve and keep all invoices, bills of lading,
12 sales records, and copies of bills of sale, returns and other
13 pertinent papers and documents relating to the purchase, sale,
14 or disposition of tobacco products. Such records need not be
15 maintained on the licensed premises, but must be maintained in
16 the State of Illinois; however, if access is available
17 electronically, the records may be maintained out of state.
18 However, all original invoices or copies thereof covering
19 purchases of tobacco products must be retained on the licensed
20 premises for a period of 90 days after such purchase, unless
21 the Department has granted a waiver in response to a written
22 request in cases where records are kept at a central business
23 location within the State of Illinois or in cases where
24 records that are available electronically are maintained out
25 of state. The Department shall adopt rules regarding the
26 eligibility for a waiver, revocation of a waiver, and

1 requirements and standards for maintenance and accessibility
2 of records located at a central location out-of-State pursuant
3 to a waiver provided under this Section.

4 (b-5) Every remote retail seller, as defined in Section
5 10-5 shall keep complete and accurate records of tobacco
6 products held, purchased, sold, or otherwise disposed of and
7 shall preserve and keep all invoices, bills of lading, sales
8 records, and copies of bills of sale, returns and other
9 pertinent papers and documents relating to the purchase, sale,
10 or disposition of tobacco products. Such records must be on
11 the remote retail seller's premises but need not be maintained
12 in the State of Illinois; however, remote retail sellers shall
13 also provide access electronically. However, all original
14 invoices or copies thereof covering purchases of tobacco
15 products must be retained on the remote retail seller's
16 premises until the expiration of the period with respect to
17 which the Department is authorized to issue a notice of tax
18 liability.

19 (c) Books, records, papers, and documents that are
20 required by this Act to be kept shall, at all times during the
21 usual business hours of the day, be subject to inspection by
22 the Department or its duly authorized agents and employees.
23 The books, records, papers, and documents for any period with
24 respect to which the Department is authorized to issue a
25 notice of tax liability shall be preserved until the
26 expiration of that period.

1 (Source: P.A. 99-192, eff. 1-1-16; 100-940, eff. 8-17-18.)

2 (35 ILCS 143/10-37)

3 Sec. 10-37. Proof of payment of tax imposed by this Act.
4 Every licensed distributor of tobacco products in this State
5 is required to show proof of the tax having been paid as
6 required by this Act by displaying its Tobacco Products
7 License number on every sales invoice issued to a retailer in
8 this State. Every licensed remote retail seller of tobacco
9 products in this State is required to show proof of the tax
10 having been paid as required by this Act by displaying its
11 Tobacco Products License number on every sales invoice issued
12 to a consumer in this State. No retailer shall possess tobacco
13 products without either a proper invoice indicating that the
14 tobacco products tax was paid by a distributor for the tobacco
15 products in the retailer's possession or other proof that the
16 tax was paid by the retailer if it has purchased tobacco
17 products on which tax has not been paid as required by this
18 Act. Failure to comply with the provisions of this paragraph
19 may be grounds for revocation of a distributor's, remote
20 retail seller's, or retailer's license in accordance with
21 Section 10-25 of this Act or Section 6 of the Cigarette Tax
22 Act. In addition, the Department may impose a civil penalty
23 not to exceed \$1,000 for the first violation and \$3,000 for
24 each subsequent violation, which shall be deposited into the
25 Tax Compliance and Administration Fund.

1 (Source: P.A. 100-940, eff. 8-17-18.)

2 (35 ILCS 143/10-38)

3 Sec. 10-38. Presumption for unlicensed distributors,
4 remote retail sellers, or persons. Whenever any person obtains
5 tobacco products from an unlicensed in-state or out-of-state
6 distributor, remote retail seller, or person, a prima facie
7 presumption shall arise that the tax imposed by this Act on
8 such tobacco products has not been paid in violation of this
9 Act. Invoices or other documents kept in the normal course of
10 business in the possession of a person reflecting purchases of
11 tobacco products from an unlicensed in-state or out-of-state
12 distributor, remote retail seller, or person or invoices or
13 other documents kept in the normal course of business obtained
14 by the Department from in-state or out-of-state distributors,
15 remote retail sellers, or persons, are sufficient to raise the
16 presumption that the tax imposed by this Act has not been paid.
17 If a presumption is raised, the Department may assess tax,
18 penalty, and interest on the tobacco products. In addition,
19 any person who violates this Section is liable to pay to the
20 Department, for deposit in the Tax Compliance and
21 Administration Fund, a penalty of \$1,000 for the first
22 violation and \$3,000 for any subsequent violation. The
23 Department may adopt rules to administer the penalties under
24 this Section.

25 (Source: P.A. 100-940, eff. 8-17-18.)

1 (35 ILCS 143/10-45)

2 Sec. 10-45. Incorporation by reference. All of the
3 provisions of Sections 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, ~~5h,~~
4 5i, 5j, 6, 6a, 6b, 6c, 8, 9, 10, 11, 11a, and 12 of the
5 Retailers' Occupation Tax Act, and all applicable provisions
6 of the Uniform Penalty and Interest Act that are not
7 inconsistent with this Act, apply to distributors and remote
8 retail sellers of tobacco products to the same extent as if
9 those provisions were included in this Act. References in the
10 incorporated Sections of the Retailers' Occupation Tax Act to
11 retailers, to sellers, or to persons engaged in the business
12 of selling tangible personal property mean distributors or
13 remote retail sellers when used in this Act. References in the
14 incorporated Sections to sales of tangible personal property
15 mean sales of tobacco products when used in this Act.

16 All of the provisions of Sections 7, 8, 8a, 16, 18a, 18b,
17 18c, 22, 23, 24, 26, 27, and 28a of the Cigarette Tax Act which
18 are not inconsistent with this Act shall apply, as far as
19 practicable, to the subject matter of this Act to the same
20 extent as if those provisions were included in this Act.
21 References in the incorporated Sections to sales of cigarettes
22 mean sales of little cigars in packages of 20 or 25 little
23 cigars.

24 (Source: P.A. 98-273, eff. 8-9-13.)

1 (35 ILCS 143/10-50)

2 Sec. 10-50. Violations and penalties. When the amount due
3 is under \$300, any distributor or remote retail seller who
4 fails to file a return, willfully fails or refuses to make any
5 payment to the Department of the tax imposed by this Act, or
6 files a fraudulent return, or any officer or agent of a
7 corporation engaged in the business of distributing or
8 engaging in remote retail sales of tobacco products to
9 retailers or ~~and~~ consumers located in this State who signs a
10 fraudulent return filed on behalf of the corporation, or any
11 accountant or other agent who knowingly enters false
12 information on the return of any taxpayer under this Act is
13 guilty of a Class 4 felony.

14 Any person who violates any provision of Section 10-20,
15 10-21, ~~or~~ 10-22, or 10-24 of this Act, fails to keep books and
16 records as required under this Act, or willfully violates a
17 rule or regulation of the Department for the administration
18 and enforcement of this Act is guilty of a Class 4 felony. A
19 person commits a separate offense on each day that he or she
20 engages in business in violation of Section 10-20, 10-21, ~~or~~
21 10-22, or 10-24 of this Act. If a person fails to produce the
22 books and records for inspection by the Department upon
23 request, a prima facie presumption shall arise that the person
24 has failed to keep books and records as required under this
25 Act. A person who is unable to rebut this presumption is in
26 violation of this Act and is subject to the penalties provided

1 in this Section.

2 When the amount due is under \$300, any person who accepts
3 money that is due to the Department under this Act from a
4 taxpayer for the purpose of acting as the taxpayer's agent to
5 make the payment to the Department, but who fails to remit the
6 payment to the Department when due, is guilty of a Class 4
7 felony.

8 Any person who violates any provision of Sections 10-20,
9 10-21 and 10-22 of this Act, fails to keep books and records as
10 required under this Act, or willfully violates a rule or
11 regulation of the Department for the administration and
12 enforcement of this Act is guilty of a business offense and may
13 be fined up to \$5,000. If a person fails to produce books and
14 records for inspection by the Department upon request, a prima
15 facie presumption shall arise that the person has failed to
16 keep books and records as required under this Act. A person who
17 is unable to rebut this presumption is in violation of this Act
18 and is subject to the penalties provided in this Section. A
19 person commits a separate offense on each day that he or she
20 engages in business in violation of Sections 10-20, 10-21 and
21 10-22 of this Act.

22 When the amount due is \$300 or more, any distributor or
23 remote retail seller who files, or causes to be filed, a
24 fraudulent return, or any officer or agent of a corporation
25 engaged in the business of distributing or engaging in remote
26 retail sales of tobacco products to retailers or ~~and~~ consumers

1 located in this State who files or causes to be filed or signs
2 or causes to be signed a fraudulent return filed on behalf of
3 the corporation, or any accountant or other agent who
4 knowingly enters false information on the return of any
5 taxpayer under this Act is guilty of a Class 3 felony.

6 When the amount due is \$300 or more, any person engaged in
7 the business of distributing or engaging in remote retail
8 sales of tobacco products to retailers or ~~and~~ consumers
9 located in this State who fails to file a return, willfully
10 fails or refuses to make any payment to the Department of the
11 tax imposed by this Act, or accepts money that is due to the
12 Department under this Act from a taxpayer for the purpose of
13 acting as the taxpayer's agent to make payment to the
14 Department but fails to remit such payment to the Department
15 when due is guilty of a Class 3 felony.

16 When the amount due is under \$300, any retailer who fails
17 to file a return, willfully fails or refuses to make any
18 payment to the Department of the tax imposed by this Act, or
19 files a fraudulent return, or any officer or agent of a
20 corporation engaged in the retail business of selling tobacco
21 products to purchasers of tobacco products for use and
22 consumption located in this State who signs a fraudulent
23 return filed on behalf of the corporation, or any accountant
24 or other agent who knowingly enters false information on the
25 return of any taxpayer under this Act is guilty of a Class A
26 misdemeanor for a first offense and a Class 4 felony for each

1 subsequent offense.

2 When the amount due is \$300 or more, any retailer who fails
3 to file a return, willfully fails or refuses to make any
4 payment to the Department of the tax imposed by this Act, or
5 files a fraudulent return, or any officer or agent of a
6 corporation engaged in the retail business of selling tobacco
7 products to purchasers of tobacco products for use and
8 consumption located in this State who signs a fraudulent
9 return filed on behalf of the corporation, or any accountant
10 or other agent who knowingly enters false information on the
11 return of any taxpayer under this Act is guilty of a Class 4
12 felony.

13 Any person whose principal place of business is in this
14 State and who is charged with a violation under this Section
15 shall be tried in the county where his or her principal place
16 of business is located unless he or she asserts a right to be
17 tried in another venue. If the taxpayer does not have his or
18 her principal place of business in this State, however, the
19 hearing must be held in Sangamon County unless the taxpayer
20 asserts a right to be tried in another venue.

21 Any taxpayer or agent of a taxpayer who with the intent to
22 defraud purports to make a payment due to the Department by
23 issuing or delivering a check or other order upon a real or
24 fictitious depository for the payment of money, knowing that
25 it will not be paid by the depository, is guilty of a deceptive
26 practice in violation of Section 17-1 of the Criminal Code of

1 2012.

2 A prosecution for a violation described in this Section
3 may be commenced within 3 years after the commission of the act
4 constituting the violation.

5 (Source: P.A. 100-201, eff. 8-18-17; 100-940, eff. 8-17-18.)

6 Section 99. Effective date. This Act takes effect January
7 1, 2027.".