



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB1575

Introduced 1/31/2023, by Rep. Adam M. Niemerg

SYNOPSIS AS INTRODUCED:

35 ILCS 505/2	from Ch. 120, par. 418
35 ILCS 505/8	from Ch. 120, par. 424
65 ILCS 5/8-11-2.3	

Amends the Motor Fuel Tax Law. Provides that, beginning on July 1, 2023, the rate of tax shall be \$0.19 per gallon (currently, 39.2 cents per gallon, adjusted each year according to the percentage increase in the Consumer Price Index), plus an additional 2 1/2 cents per gallon for diesel fuel, liquefied natural gas, or propane. Amends the Illinois Municipal Code. Provides that no tax may be imposed under the Municipal Motor Fuel Tax Law on or after July 1, 2023. Preempts the exercise of home rule powers. Effective immediately.

LRB103 26110 HLH 52465 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 Motor Fuel Tax Law is amended by changing
5 Sections 2 and 8 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 and until July 1, 2023, the rate of tax imposed in this
3 paragraph shall be increased by an amount equal to the
4 percentage increase, if any, in the Consumer Price Index for
5 All Urban Consumers for all items published by the United
6 States Department of Labor for the 12 months ending in
7 September of 2022. Beginning on July 1, 2023, the rate of tax
8 imposed in this paragraph, including the tax on compressed
9 natural gas, shall be \$0.19 per gallon. ~~On July 1, 2023, and on~~
10 ~~July 1 of each subsequent year, the rate of tax imposed in this~~
11 ~~paragraph shall be increased by an amount equal to the~~
12 ~~percentage increase, if any, in the Consumer Price Index for~~
13 ~~All Urban Consumers for all items published by the United~~
14 ~~States Department of Labor for the 12 months ending in March of~~
15 ~~the year in which the increase takes place. The rate shall be~~
16 ~~rounded to the nearest one-tenth of one cent.~~

17 (a-5) Beginning on July 1, 2022 and through December 31,
18 2022, each retailer of motor fuel shall cause the following
19 notice to be posted in a prominently visible place on each
20 retail dispensing device that is used to dispense motor fuel
21 in the State of Illinois: "As of July 1, 2022, the State of
22 Illinois has suspended the inflation adjustment to the motor
23 fuel tax through December 31, 2022. The price on this pump
24 should reflect the suspension of the tax increase." The notice
25 shall be printed in bold print on a sign that is no smaller
26 than 4 inches by 8 inches. The sign shall be clearly visible to

1 customers. Any retailer who fails to post or maintain a
2 required sign through December 31, 2022 is guilty of a petty
3 offense for which the fine shall be \$500 per day per each
4 retail premises where a violation occurs.

5 (b) Until July 1, 2019 and beginning again on July 1, 2023,
6 the tax on the privilege of operating motor vehicles which use
7 diesel fuel, liquefied natural gas, or propane shall be the
8 rate according to paragraph (a) plus an additional 2 1/2 cents
9 per gallon. Beginning July 1, 2019 and until July 1, 2023, the
10 tax on the privilege of operating motor vehicles which use
11 diesel fuel, liquefied natural gas, or propane shall be the
12 rate according to subsection (a) plus an additional 7.5 cents
13 per gallon. "Diesel fuel" is defined as any product intended
14 for use or offered for sale as a fuel for engines in which the
15 fuel is injected into the combustion chamber and ignited by
16 pressure without electric spark.

17 (c) A tax is imposed upon the privilege of engaging in the
18 business of selling motor fuel as a retailer or reseller on all
19 motor fuel used in motor vehicles operating on the public
20 highways and recreational type watercraft operating upon the
21 waters of this State: (1) at the rate of 3 cents per gallon on
22 motor fuel owned or possessed by such retailer or reseller at
23 12:01 a.m. on August 1, 1989; and (2) at the rate of 3 cents
24 per gallon on motor fuel owned or possessed by such retailer or
25 reseller at 12:01 A.M. on January 1, 1990.

26 Retailers and resellers who are subject to this additional

1 tax shall be required to inventory such motor fuel and pay this
2 additional tax in a manner prescribed by the Department of
3 Revenue.

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

7 (d) Except as provided in Section 2a, the collection of a
8 tax based on gallonage of gasoline used for the propulsion of
9 any aircraft is prohibited on and after October 1, 1979, and
10 the collection of a tax based on gallonage of special fuel used
11 for the propulsion of any aircraft is prohibited on and after
12 December 1, 2019.

13 (e) The collection of a tax, based on gallonage of all
14 products commonly or commercially known or sold as 1-K
15 kerosene, regardless of its classification or uses, is
16 prohibited (i) on and after July 1, 1992 until December 31,
17 1999, except when the 1-K kerosene is either: (1) delivered
18 into bulk storage facilities of a bulk user, or (2) delivered
19 directly into the fuel supply tanks of motor vehicles and (ii)
20 on and after January 1, 2000. Beginning on January 1, 2000, the
21 collection of a tax, based on gallonage of all products
22 commonly or commercially known or sold as 1-K kerosene,
23 regardless of its classification or uses, is prohibited except
24 when the 1-K kerosene is delivered directly into a storage
25 tank that is located at a facility that has withdrawal
26 facilities that are readily accessible to and are capable of

1 dispensing 1-K kerosene into the fuel supply tanks of motor
2 vehicles. For purposes of this subsection (e), a facility is
3 considered to have withdrawal facilities that are not "readily
4 accessible to and capable of dispensing 1-K kerosene into the
5 fuel supply tanks of motor vehicles" only if the 1-K kerosene
6 is delivered from: (i) a dispenser hose that is short enough so
7 that it will not reach the fuel supply tank of a motor vehicle
8 or (ii) a dispenser that is enclosed by a fence or other
9 physical barrier so that a vehicle cannot pull alongside the
10 dispenser to permit fueling.

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

15 (Source: P.A. 101-10, eff. 6-5-19; 101-32, eff. 6-28-19;
16 101-604, eff. 12-13-19; 102-700, eff. 4-19-22.)

17 (35 ILCS 505/8) (from Ch. 120, par. 424)

18 Sec. 8. Except as provided in subsection (a-1) of this
19 Section, Section 8a, subdivision (h)(1) of Section 12a,
20 Section 13a.6, and items 13, 14, 15, and 16 of Section 15, all
21 money received by the Department under this Act, including
22 payments made to the Department by member jurisdictions
23 participating in the International Fuel Tax Agreement, shall
24 be deposited in a special fund in the State treasury, to be
25 known as the "Motor Fuel Tax Fund", and shall be used as

1 follows:

2 (a) 2 1/2 cents per gallon of the tax collected on special
3 fuel under paragraph (b) of Section 2 and Section 13a of this
4 Act shall be transferred to the State Construction Account
5 Fund in the State Treasury; the remainder of the tax collected
6 on special fuel under paragraph (b) of Section 2 and Section
7 13a of this Act shall be deposited into the Road Fund;

8 (a-1) Beginning on July 1, 2019 and until July 1, 2023, an
9 amount equal to the amount of tax collected under subsection
10 (a) of Section 2 as a result of the increase in the tax rate
11 under Public Act 101-32 shall be transferred each month into
12 the Transportation Renewal Fund;

13 (b) \$420,000 shall be transferred each month to the State
14 Boating Act Fund to be used by the Department of Natural
15 Resources for the purposes specified in Article X of the Boat
16 Registration and Safety Act;

17 (c) \$3,500,000 shall be transferred each month to the
18 Grade Crossing Protection Fund to be used as follows: not less
19 than \$12,000,000 each fiscal year shall be used for the
20 construction or reconstruction of rail highway grade
21 separation structures; \$5,500,000 in fiscal year 2022 and each
22 fiscal year thereafter shall be transferred to the
23 Transportation Regulatory Fund and shall be used to pay the
24 cost of administration of the Illinois Commerce Commission's
25 railroad safety program in connection with its duties under
26 subsection (3) of Section 18c-7401 of the Illinois Vehicle

1 Code, with the remainder to be used by the Department of
2 Transportation upon order of the Illinois Commerce Commission,
3 to pay that part of the cost apportioned by such Commission to
4 the State to cover the interest of the public in the use of
5 highways, roads, streets, or pedestrian walkways in the county
6 highway system, township and district road system, or
7 municipal street system as defined in the Illinois Highway
8 Code, as the same may from time to time be amended, for
9 separation of grades, for installation, construction or
10 reconstruction of crossing protection or reconstruction,
11 alteration, relocation including construction or improvement
12 of any existing highway necessary for access to property or
13 improvement of any grade crossing and grade crossing surface
14 including the necessary highway approaches thereto of any
15 railroad across the highway or public road, or for the
16 installation, construction, reconstruction, or maintenance of
17 safety treatments to deter trespassing or a pedestrian walkway
18 over or under a railroad right-of-way, as provided for in and
19 in accordance with Section 18c-7401 of the Illinois Vehicle
20 Code. The Commission may order up to \$2,000,000 per year in
21 Grade Crossing Protection Fund moneys for the improvement of
22 grade crossing surfaces and up to \$300,000 per year for the
23 maintenance and renewal of 4-quadrant gate vehicle detection
24 systems located at non-high speed rail grade crossings. In
25 entering orders for projects for which payments from the Grade
26 Crossing Protection Fund will be made, the Commission shall

1 account for expenditures authorized by the orders on a cash
2 rather than an accrual basis. For purposes of this requirement
3 an "accrual basis" assumes that the total cost of the project
4 is expended in the fiscal year in which the order is entered,
5 while a "cash basis" allocates the cost of the project among
6 fiscal years as expenditures are actually made. To meet the
7 requirements of this subsection, the Illinois Commerce
8 Commission shall develop annual and 5-year project plans of
9 rail crossing capital improvements that will be paid for with
10 moneys from the Grade Crossing Protection Fund. The annual
11 project plan shall identify projects for the succeeding fiscal
12 year and the 5-year project plan shall identify projects for
13 the 5 directly succeeding fiscal years. The Commission shall
14 submit the annual and 5-year project plans for this Fund to the
15 Governor, the President of the Senate, the Senate Minority
16 Leader, the Speaker of the House of Representatives, and the
17 Minority Leader of the House of Representatives on the first
18 Wednesday in April of each year;

19 (d) of the amount remaining after allocations provided for
20 in subsections (a), (a-1), (b), and (c), a sufficient amount
21 shall be reserved to pay all of the following:

22 (1) the costs of the Department of Revenue in
23 administering this Act;

24 (2) the costs of the Department of Transportation in
25 performing its duties imposed by the Illinois Highway Code
26 for supervising the use of motor fuel tax funds

1 apportioned to municipalities, counties and road
2 districts;

3 (3) refunds provided for in Section 13, refunds for
4 overpayment of decal fees paid under Section 13a.4 of this
5 Act, and refunds provided for under the terms of the
6 International Fuel Tax Agreement referenced in Section
7 14a;

8 (4) from October 1, 1985 until June 30, 1994, the
9 administration of the Vehicle Emissions Inspection Law,
10 which amount shall be certified monthly by the
11 Environmental Protection Agency to the State Comptroller
12 and shall promptly be transferred by the State Comptroller
13 and Treasurer from the Motor Fuel Tax Fund to the Vehicle
14 Inspection Fund, and for the period July 1, 1994 through
15 June 30, 2000, one-twelfth of \$25,000,000 each month, for
16 the period July 1, 2000 through June 30, 2003, one-twelfth
17 of \$30,000,000 each month, and \$15,000,000 on July 1,
18 2003, and \$15,000,000 on January 1, 2004, and \$15,000,000
19 on each July 1 and October 1, or as soon thereafter as may
20 be practical, during the period July 1, 2004 through June
21 30, 2012, and \$30,000,000 on June 1, 2013, or as soon
22 thereafter as may be practical, and \$15,000,000 on July 1
23 and October 1, or as soon thereafter as may be practical,
24 during the period of July 1, 2013 through June 30, 2015,
25 for the administration of the Vehicle Emissions Inspection
26 Law of 2005, to be transferred by the State Comptroller

1 and Treasurer from the Motor Fuel Tax Fund into the
2 Vehicle Inspection Fund;

3 (4.5) beginning on July 1, 2019, the costs of the
4 Environmental Protection Agency for the administration of
5 the Vehicle Emissions Inspection Law of 2005 shall be
6 paid, subject to appropriation, from the Motor Fuel Tax
7 Fund into the Vehicle Inspection Fund; beginning in 2019,
8 no later than December 31 of each year, or as soon
9 thereafter as practical, the State Comptroller shall
10 direct and the State Treasurer shall transfer from the
11 Vehicle Inspection Fund to the Motor Fuel Tax Fund any
12 balance remaining in the Vehicle Inspection Fund in excess
13 of \$2,000,000;

14 (5) amounts ordered paid by the Court of Claims; and

15 (6) payment of motor fuel use taxes due to member
16 jurisdictions under the terms of the International Fuel
17 Tax Agreement. The Department shall certify these amounts
18 to the Comptroller by the 15th day of each month; the
19 Comptroller shall cause orders to be drawn for such
20 amounts, and the Treasurer shall administer those amounts
21 on or before the last day of each month;

22 (e) after allocations for the purposes set forth in
23 subsections (a), (a-1), (b), (c), and (d), the remaining
24 amount shall be apportioned as follows:

25 (1) Until January 1, 2000, 58.4%, and beginning
26 January 1, 2000, 45.6% shall be deposited as follows:

1 (A) 37% into the State Construction Account Fund,
2 and

3 (B) 63% into the Road Fund, \$1,250,000 of which
4 shall be reserved each month for the Department of
5 Transportation to be used in accordance with the
6 provisions of Sections 6-901 through 6-906 of the
7 Illinois Highway Code;

8 (2) Until January 1, 2000, 41.6%, and beginning
9 January 1, 2000, 54.4% shall be transferred to the
10 Department of Transportation to be distributed as follows:

11 (A) 49.10% to the municipalities of the State,

12 (B) 16.74% to the counties of the State having
13 1,000,000 or more inhabitants,

14 (C) 18.27% to the counties of the State having
15 less than 1,000,000 inhabitants,

16 (D) 15.89% to the road districts of the State.

17 If a township is dissolved under Article 24 of the
18 Township Code, McHenry County shall receive any moneys
19 that would have been distributed to the township under
20 this subparagraph, except that a municipality that assumes
21 the powers and responsibilities of a road district under
22 paragraph (6) of Section 24-35 of the Township Code shall
23 receive any moneys that would have been distributed to the
24 township in a percent equal to the area of the dissolved
25 road district or portion of the dissolved road district
26 over which the municipality assumed the powers and

1 responsibilities compared to the total area of the
2 dissolved township. The moneys received under this
3 subparagraph shall be used in the geographic area of the
4 dissolved township. If a township is reconstituted as
5 provided under Section 24-45 of the Township Code, McHenry
6 County or a municipality shall no longer be distributed
7 moneys under this subparagraph.

8 As soon as may be after the first day of each month, the
9 Department of Transportation shall allot to each municipality
10 its share of the amount apportioned to the several
11 municipalities which shall be in proportion to the population
12 of such municipalities as determined by the last preceding
13 municipal census if conducted by the Federal Government or
14 Federal census. If territory is annexed to any municipality
15 subsequent to the time of the last preceding census the
16 corporate authorities of such municipality may cause a census
17 to be taken of such annexed territory and the population so
18 ascertained for such territory shall be added to the
19 population of the municipality as determined by the last
20 preceding census for the purpose of determining the allotment
21 for that municipality. If the population of any municipality
22 was not determined by the last Federal census preceding any
23 apportionment, the apportionment to such municipality shall be
24 in accordance with any census taken by such municipality. Any
25 municipal census used in accordance with this Section shall be
26 certified to the Department of Transportation by the clerk of

1 such municipality, and the accuracy thereof shall be subject
2 to approval of the Department which may make such corrections
3 as it ascertains to be necessary.

4 As soon as may be after the first day of each month, the
5 Department of Transportation shall allot to each county its
6 share of the amount apportioned to the several counties of the
7 State as herein provided. Each allotment to the several
8 counties having less than 1,000,000 inhabitants shall be in
9 proportion to the amount of motor vehicle license fees
10 received from the residents of such counties, respectively,
11 during the preceding calendar year. The Secretary of State
12 shall, on or before April 15 of each year, transmit to the
13 Department of Transportation a full and complete report
14 showing the amount of motor vehicle license fees received from
15 the residents of each county, respectively, during the
16 preceding calendar year. The Department of Transportation
17 shall, each month, use for allotment purposes the last such
18 report received from the Secretary of State.

19 As soon as may be after the first day of each month, the
20 Department of Transportation shall allot to the several
21 counties their share of the amount apportioned for the use of
22 road districts. The allotment shall be apportioned among the
23 several counties in the State in the proportion which the
24 total mileage of township or district roads in the respective
25 counties bears to the total mileage of all township and
26 district roads in the State. Funds allotted to the respective

1 counties for the use of road districts therein shall be
2 allocated to the several road districts in the county in the
3 proportion which the total mileage of such township or
4 district roads in the respective road districts bears to the
5 total mileage of all such township or district roads in the
6 county. After July 1 of any year prior to 2011, no allocation
7 shall be made for any road district unless it levied a tax for
8 road and bridge purposes in an amount which will require the
9 extension of such tax against the taxable property in any such
10 road district at a rate of not less than either .08% of the
11 value thereof, based upon the assessment for the year
12 immediately prior to the year in which such tax was levied and
13 as equalized by the Department of Revenue or, in DuPage
14 County, an amount equal to or greater than \$12,000 per mile of
15 road under the jurisdiction of the road district, whichever is
16 less. Beginning July 1, 2011 and each July 1 thereafter, an
17 allocation shall be made for any road district if it levied a
18 tax for road and bridge purposes. In counties other than
19 DuPage County, if the amount of the tax levy requires the
20 extension of the tax against the taxable property in the road
21 district at a rate that is less than 0.08% of the value
22 thereof, based upon the assessment for the year immediately
23 prior to the year in which the tax was levied and as equalized
24 by the Department of Revenue, then the amount of the
25 allocation for that road district shall be a percentage of the
26 maximum allocation equal to the percentage obtained by

1 dividing the rate extended by the district by 0.08%. In DuPage
2 County, if the amount of the tax levy requires the extension of
3 the tax against the taxable property in the road district at a
4 rate that is less than the lesser of (i) 0.08% of the value of
5 the taxable property in the road district, based upon the
6 assessment for the year immediately prior to the year in which
7 such tax was levied and as equalized by the Department of
8 Revenue, or (ii) a rate that will yield an amount equal to
9 \$12,000 per mile of road under the jurisdiction of the road
10 district, then the amount of the allocation for the road
11 district shall be a percentage of the maximum allocation equal
12 to the percentage obtained by dividing the rate extended by
13 the district by the lesser of (i) 0.08% or (ii) the rate that
14 will yield an amount equal to \$12,000 per mile of road under
15 the jurisdiction of the road district.

16 Prior to 2011, if any road district has levied a special
17 tax for road purposes pursuant to Sections 6-601, 6-602, and
18 6-603 of the Illinois Highway Code, and such tax was levied in
19 an amount which would require extension at a rate of not less
20 than .08% of the value of the taxable property thereof, as
21 equalized or assessed by the Department of Revenue, or, in
22 DuPage County, an amount equal to or greater than \$12,000 per
23 mile of road under the jurisdiction of the road district,
24 whichever is less, such levy shall, however, be deemed a
25 proper compliance with this Section and shall qualify such
26 road district for an allotment under this Section. Beginning

1 in 2011 and thereafter, if any road district has levied a
2 special tax for road purposes under Sections 6-601, 6-602, and
3 6-603 of the Illinois Highway Code, and the tax was levied in
4 an amount that would require extension at a rate of not less
5 than 0.08% of the value of the taxable property of that road
6 district, as equalized or assessed by the Department of
7 Revenue or, in DuPage County, an amount equal to or greater
8 than \$12,000 per mile of road under the jurisdiction of the
9 road district, whichever is less, that levy shall be deemed a
10 proper compliance with this Section and shall qualify such
11 road district for a full, rather than proportionate, allotment
12 under this Section. If the levy for the special tax is less
13 than 0.08% of the value of the taxable property, or, in DuPage
14 County if the levy for the special tax is less than the lesser
15 of (i) 0.08% or (ii) \$12,000 per mile of road under the
16 jurisdiction of the road district, and if the levy for the
17 special tax is more than any other levy for road and bridge
18 purposes, then the levy for the special tax qualifies the road
19 district for a proportionate, rather than full, allotment
20 under this Section. If the levy for the special tax is equal to
21 or less than any other levy for road and bridge purposes, then
22 any allotment under this Section shall be determined by the
23 other levy for road and bridge purposes.

24 Prior to 2011, if a township has transferred to the road
25 and bridge fund money which, when added to the amount of any
26 tax levy of the road district would be the equivalent of a tax

1 levy requiring extension at a rate of at least .08%, or, in
2 DuPage County, an amount equal to or greater than \$12,000 per
3 mile of road under the jurisdiction of the road district,
4 whichever is less, such transfer, together with any such tax
5 levy, shall be deemed a proper compliance with this Section
6 and shall qualify the road district for an allotment under
7 this Section.

8 In counties in which a property tax extension limitation
9 is imposed under the Property Tax Extension Limitation Law,
10 road districts may retain their entitlement to a motor fuel
11 tax allotment or, beginning in 2011, their entitlement to a
12 full allotment if, at the time the property tax extension
13 limitation was imposed, the road district was levying a road
14 and bridge tax at a rate sufficient to entitle it to a motor
15 fuel tax allotment and continues to levy the maximum allowable
16 amount after the imposition of the property tax extension
17 limitation. Any road district may in all circumstances retain
18 its entitlement to a motor fuel tax allotment or, beginning in
19 2011, its entitlement to a full allotment if it levied a road
20 and bridge tax in an amount that will require the extension of
21 the tax against the taxable property in the road district at a
22 rate of not less than 0.08% of the assessed value of the
23 property, based upon the assessment for the year immediately
24 preceding the year in which the tax was levied and as equalized
25 by the Department of Revenue or, in DuPage County, an amount
26 equal to or greater than \$12,000 per mile of road under the

1 jurisdiction of the road district, whichever is less.

2 As used in this Section, the term "road district" means
3 any road district, including a county unit road district,
4 provided for by the Illinois Highway Code; and the term
5 "township or district road" means any road in the township and
6 district road system as defined in the Illinois Highway Code.
7 For the purposes of this Section, "township or district road"
8 also includes such roads as are maintained by park districts,
9 forest preserve districts and conservation districts. The
10 Department of Transportation shall determine the mileage of
11 all township and district roads for the purposes of making
12 allotments and allocations of motor fuel tax funds for use in
13 road districts.

14 Payment of motor fuel tax moneys to municipalities and
15 counties shall be made as soon as possible after the allotment
16 is made. The treasurer of the municipality or county may
17 invest these funds until their use is required and the
18 interest earned by these investments shall be limited to the
19 same uses as the principal funds.

20 (Source: P.A. 101-32, eff. 6-28-19; 101-230, eff. 8-9-19;
21 101-493, eff. 8-23-19; 102-16, eff. 6-17-21; 102-558, eff.
22 8-20-21; 102-699, eff. 4-19-22.)

23 Section 10. The Illinois Municipal Code is amended by
24 changing Section 8-11-2.3 as follows:

1 (65 ILCS 5/8-11-2.3)

2 Sec. 8-11-2.3. Municipal Motor Fuel Tax Law.

3 Notwithstanding any other provision of law, in addition to any
4 other tax that may be imposed, a municipality in a county with
5 a population of over 3,000,000 inhabitants may also impose, by
6 ordinance, a tax upon all persons engaged in the municipality
7 in the business of selling motor fuel, as defined in the Motor
8 Fuel Tax Law, at retail for the operation of motor vehicles
9 upon public highways or for the operation of recreational
10 watercraft upon waterways. The tax may be imposed, in one cent
11 increments, at a rate not to exceed \$0.03 per gallon of motor
12 fuel sold at retail within the municipality for the purpose of
13 use or consumption and not for the purpose of resale. The tax
14 may not be imposed under this Section on aviation fuel, as
15 defined in Section 3 of the Retailers' Occupation Tax Act.

16 Persons subject to any tax imposed under the authority
17 granted in this Section may reimburse themselves for their
18 seller's tax liability hereunder by separately stating that
19 tax as an additional charge, which charge may be stated in
20 combination, in a single amount, with State tax which sellers
21 are required to collect under the Use Tax Act, pursuant to such
22 bracket schedules as the Department may prescribe.

23 A tax imposed pursuant to this Section, and all civil
24 penalties that may be assessed as an incident thereof, shall
25 be administered, collected, and enforced by the Department of
26 Revenue in the same manner as the tax imposed under the

1 Retailers' Occupation Tax Act, as now or hereafter amended,
2 insofar as may be practicable; except that in the event of a
3 conflict with the provisions of this Section, this Section
4 shall control. The Department of Revenue shall have full power
5 to: administer and enforce this Section; collect all taxes and
6 penalties due hereunder; dispose of taxes and penalties so
7 collected in the manner hereinafter provided; and determine
8 all rights to credit memoranda arising on account of the
9 erroneous payment of tax or penalty hereunder.

10 Whenever the Department determines that a refund shall be
11 made under this Section to a claimant instead of issuing a
12 credit memorandum, the Department shall notify the State
13 Comptroller, who shall cause the order to be drawn for the
14 amount specified, and to the person named, in the notification
15 from the Department. The refund shall be paid by the State
16 Treasurer out of the Municipal Motor Fuel Tax Fund.

17 The Department shall immediately pay over to the State
18 Treasurer, ex officio, as trustee, all taxes and penalties
19 collected under this Section. Those taxes and penalties shall
20 be deposited into the Municipal Motor Fuel Tax Fund, a trust
21 fund created in the State treasury. Moneys in the Municipal
22 Motor Fuel Tax Fund shall be used to make payments to
23 municipalities and for the payment of refunds under this
24 Section.

25 On or before the 25th day of each calendar month, the
26 Department shall prepare and certify to the State Comptroller

1 the disbursement of stated sums of money to named
2 municipalities for which taxpayers have paid taxes or
3 penalties hereunder to the Department during the second
4 preceding calendar month. The amount to be paid to each
5 municipality shall be the amount (not including credit
6 memoranda) collected under this Section from retailers within
7 the municipality during the second preceding calendar month by
8 the Department, plus an amount the Department determines is
9 necessary to offset amounts that were erroneously paid to a
10 different municipality, and not including an amount equal to
11 the amount of refunds made during the second preceding
12 calendar month by the Department on behalf of the
13 municipality, and not including any amount that the Department
14 determines is necessary to offset any amounts that were
15 payable to a different municipality but were erroneously paid
16 to the municipality, less 1.5% of the remainder, which the
17 Department shall transfer into the Tax Compliance and
18 Administration Fund. The Department, at the time of each
19 monthly disbursement, shall prepare and certify to the State
20 Comptroller the amount to be transferred into the Tax
21 Compliance and Administration Fund under this Section. Within
22 10 days after receipt by the Comptroller of the disbursement
23 certification to the municipalities and the Tax Compliance and
24 Administration Fund provided for in this Section to be given
25 to the Comptroller by the Department, the Comptroller shall
26 cause the orders to be drawn for the respective amounts in

1 accordance with the directions contained in the certification.

2 Nothing in this Section shall be construed to authorize a
3 municipality to impose a tax upon the privilege of engaging in
4 any business which under the Constitution of the United States
5 may not be made the subject of taxation by this State.

6 An ordinance or resolution imposing or discontinuing the
7 tax under this Section or effecting a change in the rate
8 thereof shall either: (i) be adopted and a certified copy
9 thereof filed with the Department on or before the first day of
10 April, whereupon the Department shall proceed to administer
11 and enforce this Section as of the first day of July next
12 following the adoption and filing; or (ii) be adopted and a
13 certified copy thereof filed with the Department on or before
14 the first day of October, whereupon the Department shall
15 proceed to administer and enforce this Section as of the first
16 day of January next following the adoption and filing.

17 An ordinance adopted in accordance with the provisions of
18 this Section in effect before the effective date of this
19 amendatory Act of the 101st General Assembly shall be deemed
20 to impose the tax in accordance with the provisions of this
21 Section as amended by this amendatory Act of the 101st General
22 Assembly and shall be administered by the Department of
23 Revenue in accordance with the provisions of this Section as
24 amended by this amendatory Act of the 101st General Assembly;
25 provided that, on or before October 1, 2020, the municipality
26 adopts and files a certified copy of a superseding ordinance

1 that imposes the tax in accordance with the provisions of this
2 Section as amended by this amendatory Act of the 101st General
3 Assembly. If a superseding ordinance is not so adopted and
4 filed, then the tax imposed in accordance with the provisions
5 of this Section in effect before the effective date of this
6 amendatory Act of the 101st General Assembly shall be
7 discontinued on January 1, 2021.

8 This Section shall be known and may be cited as the
9 Municipal Motor Fuel Tax Law.

10 No tax may be imposed under this Section on or after July
11 1, 2023. This is a denial and limitation under subsection (g)
12 of Section 6 of Article VII of the Illinois Constitution of the
13 power of a home rule municipality to impose a tax.

14 (Source: P.A. 101-32, eff. 6-28-19; 101-604, eff. 12-13-19.)

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