

HB2974



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB2974

Introduced 2/16/2023, by Rep. Christopher "C.D" Davidsmeyer

SYNOPSIS AS INTRODUCED:

35 ILCS 505/1.30 new
35 ILCS 505/2

from Ch. 120, par. 418

Amends the Motor Fuel Tax Law. Provides that, on and after July 1, 2023, marine fuel is exempt from the tax imposed under the Act. Provides that "marine fuel" means motor fuel specially formulated to be used in the propulsion of watercraft. Effective immediately.

LRB103 28329 HLH 54708 b

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Motor Fuel Tax Law is amended by changing
5 Section 2 and by adding Section 1.30 as follows:

6 (35 ILCS 505/1.30 new)

7 Sec. 1.30. Marine fuel. "Marine fuel" means motor fuel
8 especially formulated to be used in the propulsion of
9 watercraft.

10 (35 ILCS 505/2) (from Ch. 120, par. 418)

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

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

1 2019 and until July 1, 2020, the rate of tax imposed in this
2 paragraph shall be 38 cents per gallon. Beginning July 1, 2020
3 and until July 1, 2021, the rate of tax imposed in this
4 paragraph shall be 38.7 cents per gallon. Beginning July 1,
5 2021 and until January 1, 2023, the rate of tax imposed in this
6 paragraph shall be 39.2 cents per gallon. On January 1, 2023,
7 the rate of tax imposed in this paragraph shall be increased by
8 an amount equal to the percentage increase, if any, in the
9 Consumer Price Index for All Urban Consumers for all items
10 published by the United States Department of Labor for the 12
11 months ending in September of 2022. On July 1, 2023, and on
12 July 1 of each subsequent year, the rate of tax imposed in this
13 paragraph shall be increased by an amount equal to the
14 percentage increase, if any, in the Consumer Price Index for
15 All Urban Consumers for all items published by the United
16 States Department of Labor for the 12 months ending in March of
17 the year in which the increase takes place. The rate shall be
18 rounded to the nearest one-tenth of one cent.

19 (a-5) Beginning on July 1, 2022 and through December 31,
20 2022, each retailer of motor fuel shall cause the following
21 notice to be posted in a prominently visible place on each
22 retail dispensing device that is used to dispense motor fuel
23 in the State of Illinois: "As of July 1, 2022, the State of
24 Illinois has suspended the inflation adjustment to the motor
25 fuel tax through December 31, 2022. The price on this pump
26 should reflect the suspension of the tax increase." The notice

1 shall be printed in bold print on a sign that is no smaller
2 than 4 inches by 8 inches. The sign shall be clearly visible to
3 customers. Any retailer who fails to post or maintain a
4 required sign through December 31, 2022 is guilty of a petty
5 offense for which the fine shall be \$500 per day per each
6 retail premises where a violation occurs.

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

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

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

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

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

14 (d-5) On and after July 1, 2023, marine fuel, as defined in
15 Section 1.30, is exempt from the tax imposed under this Act.

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

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

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

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

20 Section 99. Effective date. This Act takes effect upon
21 becoming law.