

# HB4738



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

**HB4738**

Introduced 2/18/2020, by Rep. 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, 2020, 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.

LRB101 14853 HLH 63829 b

FISCAL NOTE ACT  
MAY APPLY

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 pecially 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, the rate of tax imposed in this paragraph shall be 38  
2 cents per gallon and increased on July 1 of each subsequent  
3 year by an amount equal to the percentage increase, if any, in  
4 the Consumer Price Index for All Urban Consumers for all items  
5 published by the United States Department of Labor for the 12  
6 months ending in March of each year.

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

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

25 Retailers and resellers who are subject to this additional  
26 tax shall be required to inventory such motor fuel and pay this

1 additional tax in a manner prescribed by the Department of  
2 Revenue.

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

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

12 (d-5) On and after July 1, 2020, marine fuel, as defined in  
13 Section 1.30, is exempt from the tax imposed under this Act.

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

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

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

16 (Source: P.A. 100-9, eff. 7-1-17; 101-10, eff. 6-5-19; 101-32,  
17 eff. 6-28-19; revised 7-12-19.)

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law.