Sen. Celina Villanueva

Filed: 5/31/2025

AMENDMENT TO HOUSE BILL 1928

AMENDMENT NO. _____. Amend House Bill 1928 by replacing everything after the enacting clause with the following:

"ARTICLE 5

Section 5-5. The Tax Delinquency Amnesty Act is amended by changing Section 10 as follows:

(35 ILCS 745/10)

Sec. 10. Amnesty program. The Department shall establish an amnesty program for all taxpayers owing any tax imposed by reason of or pursuant to authorization by any law of the State of Illinois and collected by the Department.

The amnesty program shall be for a period from October 1, 2003 through November 15, 2003, ~~and~~ for a period beginning on October 1, 2010 and ending November 8, 2010, ~~and~~ for a period beginning on October 1, 2019 and ending on November 15, 2019,

and for a period from October 1, 2025 through November 15, 2025.

The amnesty program shall provide that, upon payment by a taxpayer of all taxes due from that taxpayer to the State of Illinois for any taxable period ending (i) after June 30, 1983 and prior to July 1, 2002 for the tax amnesty period occurring from October 1, 2003 through November 15, 2003, (ii) after June 30, 2002 and prior to July 1, 2009 for the tax amnesty period beginning on October 1, 2010 through November 8, 2010, ~~and~~ (iii) after June 30, 2011 and prior to July 1, 2018 for the tax amnesty period beginning on October 1, 2019 through November 15, 2019, and (iv) after June 30, 2018 and before July 1, 2024 for the tax amnesty period beginning on October 1, 2025 through November 17, 2025, the Department shall abate and not seek to collect any interest or penalties that may be applicable and the Department shall not seek civil or criminal prosecution for any taxpayer for the period of time for which amnesty has been granted to the taxpayer. Failure to pay all taxes due to the State for a taxable period shall invalidate any amnesty granted under this Act. Amnesty shall be granted only if all amnesty conditions are satisfied by the taxpayer.

Amnesty shall not be granted to taxpayers who are a party to any criminal investigation or to any civil or criminal litigation that is pending in any circuit court or appellate court or the Supreme Court of this State for nonpayment, delinquency, or fraud in relation to any State tax imposed by

any law of the State of Illinois.

Participation in an amnesty program shall not preclude a taxpayer from claiming a refund for an overpayment of tax on an issue unrelated to the issues for which the taxpayer claimed amnesty or for an overpayment of tax by taxpayers estimating a non-final liability for the amnesty program pursuant to Section 506(b) of the Illinois Income Tax Act (35 ILCS 5/506(b)).

Voluntary payments made under this Act shall be made by cash, check, guaranteed remittance, or ACH debit.

The Department shall adopt rules as necessary to implement the provisions of this Act.

Except as otherwise provided in this Section, all money collected under this Act that would otherwise be deposited into the General Revenue Fund shall be deposited as follows: (i) one-half into the Common School Fund; (ii) one-half into the General Revenue Fund. Two percent of all money collected under this Act shall be deposited by the State Treasurer into the Tax Compliance and Administration Fund and, subject to appropriation, shall be used by the Department to cover costs associated with the administration of this Act.

(Source: P.A. 101-9, eff. 6-5-19.)

Section 5-10. The Use Tax Act is amended by changing Section 9 as follows:

(35 ILCS 105/9)

Sec. 9. Except as to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, each retailer required or authorized to collect the tax imposed by this Act shall pay to the Department the amount of such tax (except as otherwise provided) at the time when he is required to file his return for the period during which such tax was collected, less a discount of 2.1% prior to January 1, 1990, and 1.75% on and after January 1, 1990, or $5 per calendar year, whichever is greater, which is allowed to reimburse the retailer for expenses incurred in collecting the tax, keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request. Beginning with returns due on or after January 1, 2025, the discount allowed in this Section, the Retailers' Occupation Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act, including any local tax administered by the Department and reported on the same return, shall not exceed $1,000 per month in the aggregate for returns other than transaction returns filed during the month. When determining the discount allowed under this Section, retailers shall include the amount of tax that would have been due at the 6.25% rate but for the 1.25% rate imposed on sales tax holiday items under Public Act 102-700. The discount under this Section is not allowed for the 1.25% portion of taxes paid on aviation fuel that is subject to the revenue use requirements of 49

U.S.C. 47107(b) and 49 U.S.C. 47133. When determining the discount allowed under this Section, retailers shall include the amount of tax that would have been due at the 1% rate but for the 0% rate imposed under Public Act 102-700. In the case of retailers who report and pay the tax on a transaction by transaction basis, as provided in this Section, such discount shall be taken with each such tax remittance instead of when such retailer files his periodic return, but, beginning with returns due on or after January 1, 2025, the discount allowed under this Section and the Retailers' Occupation Tax Act, including any local tax administered by the Department and reported on the same transaction return, shall not exceed $1,000 per month for all transaction returns filed during the month. The discount allowed under this Section is allowed only for returns that are filed in the manner required by this Act. The Department may disallow the discount for retailers whose certificate of registration is revoked at the time the return is filed, but only if the Department's decision to revoke the certificate of registration has become final. A retailer need not remit that part of any tax collected by him to the extent that he is required to remit and does remit the tax imposed by the Retailers' Occupation Tax Act, with respect to the sale of the same property.

Where such tangible personal property is sold under a conditional sales contract, or under any other form of sale wherein the payment of the principal sum, or a part thereof, is

extended beyond the close of the period for which the return is filed, the retailer, in collecting the tax (except as to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State), may collect for each tax return period only the tax applicable to that part of the selling price actually received during such tax return period.

In the case of leases, except as otherwise provided in this Act, the lessor, in collecting the tax, may collect for each tax return period only the tax applicable to that part of the selling price actually received during such tax return period.

Except as provided in this Section, on or before the twentieth day of each calendar month, such retailer shall file a return for the preceding calendar month. Such return shall be filed on forms prescribed by the Department and shall furnish such information as the Department may reasonably require. The return shall include the gross receipts on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) which were received during the preceding calendar month, quarter, or year, as appropriate, and upon which tax would have been due but for the 0% rate imposed under Public Act 102-700. The return shall also include the amount of tax that

would have been due on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) but for the 0% rate imposed under Public Act 102-700.

On and after January 1, 2018, except for returns required to be filed prior to January 1, 2023 for motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, with respect to retailers whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act shall be filed electronically. On and after January 1, 2023, with respect to retailers whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act, including, but not limited to, returns for motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, shall be filed electronically. Retailers who demonstrate that they do not have access to the Internet or demonstrate hardship in filing electronically may petition the Department to waive the electronic filing requirement.

The Department may require returns to be filed on a quarterly basis. If so required, a return for each calendar quarter shall be filed on or before the twentieth day of the calendar month following the end of such calendar quarter. The

taxpayer shall also file a return with the Department for each of the first two months of each calendar quarter, on or before the twentieth day of the following calendar month, stating:

1. The name of the seller;

2. The address of the principal place of business from which he engages in the business of selling tangible personal property at retail in this State;

3. The total amount of taxable receipts received by him during the preceding calendar month from sales of tangible personal property by him during such preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;

4. The amount of credit provided in Section 2d of this Act;

5. The amount of tax due;

5-5. The signature of the taxpayer; and

6. Such other reasonable information as the Department may require.

Each retailer required or authorized to collect the tax imposed by this Act on aviation fuel sold at retail in this State during the preceding calendar month shall, instead of reporting and paying tax on aviation fuel as otherwise required by this Section, report and pay such tax on a separate aviation fuel tax return. The requirements related to the return shall be as otherwise provided in this Section. Notwithstanding any other provisions of this Act to the

contrary, retailers collecting tax on aviation fuel shall file all aviation fuel tax returns and shall make all aviation fuel tax payments by electronic means in the manner and form required by the Department. For purposes of this Section, "aviation fuel" means jet fuel and aviation gasoline.

If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.

Notwithstanding any other provision of this Act to the contrary, retailers subject to tax on cannabis shall file all cannabis tax returns and shall make all cannabis tax payments by electronic means in the manner and form required by the Department.

Beginning October 1, 1993, a taxpayer who has an average monthly tax liability of $150,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1994, a taxpayer who has an average monthly tax liability of $100,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or more shall make all payments required by rules of the

Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" means the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

Before August 1 of each year beginning in 1993, the Department shall notify all taxpayers required to make payments by electronic funds transfer. All taxpayers required to make payments by electronic funds transfer shall make those payments for a minimum of one year beginning on October 1.

Any taxpayer not required to make payments by electronic funds transfer may make payments by electronic funds transfer with the permission of the Department.

All taxpayers required to make payment by electronic funds transfer and any taxpayers authorized to voluntarily make payments by electronic funds transfer shall make those payments in the manner authorized by the Department.

The Department shall adopt such rules as are necessary to

effectuate a program of electronic funds transfer and the requirements of this Section.

Before October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act, the Service Use Tax Act was $10,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the 20th day of the month next following the month during which such tax liability is incurred and shall make payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. On and after October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act was $20,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the 20th day of the month next following the month during which such tax liability is incurred and shall make payment to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. If the month during which such tax liability is incurred began prior to January 1, 1985, each payment shall be in an amount equal to 1/4 of the taxpayer's actual liability for the month or an amount set by the Department not to exceed 1/4 of the average monthly liability of the taxpayer to the Department

for the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability in such 4 quarter period). If the month during which such tax liability is incurred begins on or after January 1, 1985, and prior to January 1, 1987, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 27.5% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1987, and prior to January 1, 1988, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 26.25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1988, and prior to January 1, 1989, or begins on or after January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1989, and prior to January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year or 100% of the taxpayer's actual liability for the quarter monthly reporting period. The amount of such quarter monthly payments shall be credited against the

final tax liability of the taxpayer's return for that month. Before October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $9,000, or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $10,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $10,000 threshold stated above, then such taxpayer may petition the Department for change in such taxpayer's reporting status. On and after October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $19,000 or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $20,000. However, if a taxpayer can show the Department that a substantial change in

the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $20,000 threshold stated above, then such taxpayer may petition the Department for a change in such taxpayer's reporting status. The Department shall change such taxpayer's reporting status unless it finds that such change is seasonal in nature and not likely to be long term. Quarter monthly payment status shall be determined under this paragraph as if the rate reduction to 1.25% in Public Act 102-700 on sales tax holiday items had not occurred. For quarter monthly payments due on or after July 1, 2023 and through June 30, 2024, "25% of the taxpayer's liability for the same calendar month of the preceding year" shall be determined as if the rate reduction to 1.25% in Public Act 102-700 on sales tax holiday items had not occurred. Quarter monthly payment status shall be determined under this paragraph as if the rate reduction to 0% in Public Act 102-700 on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) had not occurred. For quarter monthly payments due under this paragraph on or after July 1, 2023 and through June 30, 2024, "25% of the taxpayer's liability for the same calendar month of the preceding year" shall be determined as if the rate reduction to 0% in Public Act 102-700 had not

occurred. If any such quarter monthly payment is not paid at the time or in the amount required by this Section, then the taxpayer shall be liable for penalties and interest on the difference between the minimum amount due and the amount of such quarter monthly payment actually and timely paid, except insofar as the taxpayer has previously made payments for that month to the Department in excess of the minimum payments previously due as provided in this Section. The Department shall make reasonable rules and regulations to govern the quarter monthly payment amount and quarter monthly payment dates for taxpayers who file on other than a calendar monthly basis.

If any such payment provided for in this Section exceeds the taxpayer's liabilities under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act and the Service Use Tax Act, as shown by an original monthly return, the Department shall issue to the taxpayer a credit memorandum no later than 30 days after the date of payment, which memorandum may be submitted by the taxpayer to the Department in payment of tax liability subsequently to be remitted by the taxpayer to the Department or be assigned by the taxpayer to a similar taxpayer under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, in accordance with reasonable rules and regulations to be prescribed by the Department, except that if such excess payment is shown on an original monthly return and is made

after December 31, 1986, no credit memorandum shall be issued, unless requested by the taxpayer. If no such request is made, the taxpayer may credit such excess payment against tax liability subsequently to be remitted by the taxpayer to the Department under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, in accordance with reasonable rules and regulations prescribed by the Department. If the Department subsequently determines that all or any part of the credit taken was not actually due to the taxpayer, the taxpayer's vendor's discount shall be reduced, if necessary, to reflect the difference between the credit taken and that actually due, and the taxpayer shall be liable for penalties and interest on such difference.

If the retailer is otherwise required to file a monthly return and if the retailer's average monthly tax liability to the Department does not exceed $200, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February, and March of a given year being due by April 20 of such year; with the return for April, May and June of a given year being due by July 20 of such year; with the return for July, August and September of a given year being due by October 20 of such year, and with the return for October, November and December of a given year being due by January 20 of the following year.

If the retailer is otherwise required to file a monthly or quarterly return and if the retailer's average monthly tax

liability to the Department does not exceed $50, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 20 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Act concerning the time within which a retailer may file his return, in the case of any retailer who ceases to engage in a kind of business which makes him responsible for filing returns under this Act, such retailer shall file a final return under this Act with the Department not more than one month after discontinuing such business.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, except as otherwise provided in this Section, every retailer selling this kind of tangible personal property shall file, with the Department, upon a form to be prescribed and supplied by the Department, a separate return for each such item of tangible personal property which the retailer sells, except that if, in the same transaction, (i) a retailer of aircraft, watercraft, motor vehicles or trailers transfers more than one aircraft, watercraft, motor vehicle or trailer to another aircraft, watercraft, motor vehicle or trailer retailer for the purpose of resale or (ii) a retailer

of aircraft, watercraft, motor vehicles, or trailers transfers more than one aircraft, watercraft, motor vehicle, or trailer to a purchaser for use as a qualifying rolling stock as provided in Section 3-55 of this Act, then that seller may report the transfer of all the aircraft, watercraft, motor vehicles or trailers involved in that transaction to the Department on the same uniform invoice-transaction reporting return form. For purposes of this Section, "watercraft" means a Class 2, Class 3, or Class 4 watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, every person who is engaged in the business of leasing or renting such items and who, in connection with such business, sells any such item to a retailer for the purpose of resale is, notwithstanding any other provision of this Section to the contrary, authorized to meet the return-filing requirement of this Act by reporting the transfer of all the aircraft, watercraft, motor vehicles, or trailers transferred for resale during a month to the Department on the same uniform invoice-transaction reporting return form on or before the 20th of the month following the month in which the transfer takes place. Notwithstanding any other provision of this Act to the contrary, all returns filed under this paragraph must be filed by electronic means in the

manner and form as required by the Department.

The transaction reporting return in the case of motor vehicles or trailers that are required to be registered with an agency of this State, shall be the same document as the Uniform Invoice referred to in Section 5-402 of the Illinois Vehicle Code and must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 2 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale; a sufficient identification of the property sold; such other information as is required in Section 5-402 of the Illinois Vehicle Code, and such other information as the Department may reasonably require.

The transaction reporting return in the case of watercraft and aircraft must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for

traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 2 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale, a sufficient identification of the property sold, and such other information as the Department may reasonably require.

Such transaction reporting return shall be filed not later than 20 days after the date of delivery of the item that is being sold, but may be filed by the retailer at any time sooner than that if he chooses to do so. The transaction reporting return and tax remittance or proof of exemption from the tax that is imposed by this Act may be transmitted to the Department by way of the State agency with which, or State officer with whom, the tangible personal property must be titled or registered (if titling or registration is required) if the Department and such agency or State officer determine that this procedure will expedite the processing of applications for title or registration.

With each such transaction reporting return, the retailer

shall remit the proper amount of tax due (or shall submit satisfactory evidence that the sale is not taxable if that is the case), to the Department or its agents, whereupon the Department shall issue, in the purchaser's name, a tax receipt (or a certificate of exemption if the Department is satisfied that the particular sale is tax exempt) which such purchaser may submit to the agency with which, or State officer with whom, he must title or register the tangible personal property that is involved (if titling or registration is required) in support of such purchaser's application for an Illinois certificate or other evidence of title or registration to such tangible personal property.

No retailer's failure or refusal to remit tax under this Act precludes a user, who has paid the proper tax to the retailer, from obtaining his certificate of title or other evidence of title or registration (if titling or registration is required) upon satisfying the Department that such user has paid the proper tax (if tax is due) to the retailer. The Department shall adopt appropriate rules to carry out the mandate of this paragraph.

If the user who would otherwise pay tax to the retailer wants the transaction reporting return filed and the payment of tax or proof of exemption made to the Department before the retailer is willing to take these actions and such user has not paid the tax to the retailer, such user may certify to the fact of such delay by the retailer, and may (upon the Department

being satisfied of the truth of such certification) transmit the information required by the transaction reporting return and the remittance for tax or proof of exemption directly to the Department and obtain his tax receipt or exemption determination, in which event the transaction reporting return and tax remittance (if a tax payment was required) shall be credited by the Department to the proper retailer's account with the Department, but without the vendor's discount provided for in this Section being allowed. When the user pays the tax directly to the Department, he shall pay the tax in the same amount and in the same form in which it would be remitted if the tax had been remitted to the Department by the retailer.

On and after January 1, 2025, with respect to the lease of trailers, other than semitrailers as defined in Section 1-187 of the Illinois Vehicle Code, that are required to be registered with an agency of this State and that are subject to the tax on lease receipts under this Act, notwithstanding any other provision of this Act to the contrary, for the purpose of reporting and paying tax under this Act on those lease receipts, lessors shall file returns in addition to and separate from the transaction reporting return. Lessors shall file those lease returns and make payment to the Department by electronic means on or before the 20th day of each month following the month, quarter, or year, as applicable, in which lease receipts were received. All lease receipts received by the lessor from the lease of those trailers during the same

reporting period shall be reported and tax shall be paid on a single return form to be prescribed by the Department.

Where a retailer collects the tax with respect to the selling price of tangible personal property which he sells and the purchaser thereafter returns such tangible personal property and the retailer refunds the selling price thereof to the purchaser, such retailer shall also refund, to the purchaser, the tax so collected from the purchaser. When filing his return for the period in which he refunds such tax to the purchaser, the retailer may deduct the amount of the tax so refunded by him to the purchaser from any other use tax which such retailer may be required to pay or remit to the Department, as shown by such return, if the amount of the tax to be deducted was previously remitted to the Department by such retailer. If the retailer has not previously remitted the amount of such tax to the Department, he is entitled to no deduction under this Act upon refunding such tax to the purchaser.

Any retailer filing a return under this Section shall also include (for the purpose of paying tax thereon) the total tax covered by such return upon the selling price of tangible personal property purchased by him at retail from a retailer, but as to which the tax imposed by this Act was not collected from the retailer filing such return, and such retailer shall remit the amount of such tax to the Department when filing such return.

If experience indicates such action to be practicable, the Department may prescribe and furnish a combination or joint return which will enable retailers, who are required to file returns hereunder and also under the Retailers' Occupation Tax Act, to furnish all the return information required by both Acts on the one form.

Where the retailer has more than one business registered with the Department under separate registration under this Act, such retailer may not file each return that is due as a single return covering all such registered businesses, but shall file separate returns for each such registered business.

Beginning January 1, 1990, each month the Department shall pay into the State and Local Sales Tax Reform Fund, a special fund in the State Treasury which is hereby created, the net revenue realized for the preceding month from the 1% tax imposed under this Act.

Beginning January 1, 1990, each month the Department shall pay into the County and Mass Transit District Fund 4% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property which is purchased outside Illinois at retail from a retailer and which is titled or registered by an agency of this State's government.

Beginning January 1, 1990, each month the Department shall pay into the State and Local Sales Tax Reform Fund, a special fund in the State Treasury, 20% of the net revenue realized for

the preceding month from the 6.25% general rate on the selling price of tangible personal property, other than (i) tangible personal property which is purchased outside Illinois at retail from a retailer and which is titled or registered by an agency of this State's government and (ii) aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

For aviation fuel sold on or after December 1, 2019, each month the Department shall pay into the State Aviation Program Fund 20% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of aviation fuel, less an amount estimated by the Department to be required for refunds of the 20% portion of the tax on aviation fuel under this Act, which amount shall be deposited into the Aviation Fuel Sales Tax Refund Fund. The Department shall only pay moneys into the State Aviation Program Fund and the Aviation Fuels Sales Tax Refund Fund under this Act for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the State and Local Sales Tax Reform Fund 100% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol. If, in any month, the tax on sales tax holiday items, as defined in Section 3-6, is imposed at the rate of 1.25%, then the

Department shall pay 100% of the net revenue realized for that month from the 1.25% rate on the selling price of sales tax holiday items into the State and Local Sales Tax Reform Fund.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund 16% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property which is purchased outside Illinois at retail from a retailer and which is titled or registered by an agency of this State's government.

Beginning October 1, 2009, each month the Department shall pay into the Capital Projects Fund an amount that is equal to an amount estimated by the Department to represent 80% of the net revenue realized for the preceding month from the sale of candy, grooming and hygiene products, and soft drinks that had been taxed at a rate of 1% prior to September 1, 2009 but that are now taxed at 6.25%.

Beginning July 1, 2011, each month the Department shall pay into the Clean Air Act Permit Fund 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of sorbents used in Illinois in the process of sorbent injection as used to comply with the Environmental Protection Act or the federal Clean Air Act, but the total payment into the Clean Air Act Permit Fund under this Act and the Retailers' Occupation Tax Act shall not exceed $2,000,000 in any fiscal year.

Beginning July 1, 2013, each month the Department shall pay into the Underground Storage Tank Fund from the proceeds collected under this Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act an amount equal to the average monthly deficit in the Underground Storage Tank Fund during the prior year, as certified annually by the Illinois Environmental Protection Agency, but the total payment into the Underground Storage Tank Fund under this Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act shall not exceed $18,000,000 in any State fiscal year. As used in this paragraph, the "average monthly deficit" shall be equal to the difference between the average monthly claims for payment by the fund and the average monthly revenues deposited into the fund, excluding payments made pursuant to this paragraph.

Beginning July 1, 2015, of the remainder of the moneys received by the Department under this Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, each month the Department shall deposit $500,000 into the State Crime Laboratory Fund.

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%, as the case

may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to Section 3 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as defined in Section 3 of the Retailers' Occupation Tax Act), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund during such month and (2) the amount transferred during such month to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of

the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year; and, further provided, that the amounts payable into the Build Illinois Fund under this clause (b) shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing Bonds issued and outstanding pursuant to the Build Illinois Bond Act is sufficient, taking into account any future investment income, to fully provide, in accordance with such indenture, for the defeasance of or the payment of the principal of, premium, if any, and interest on the Bonds secured by such indenture and on any Bonds expected to be issued thereafter and all fees and costs payable with respect thereto, all as certified by the Director of the Bureau of the Budget (now Governor's Office of Management and Budget). If on the last business day of any month in which Bonds are outstanding pursuant to the Build Illinois Bond Act, the aggregate of the moneys deposited in the Build Illinois Bond Account in the Build Illinois Fund in such month shall be less than the amount required to be transferred in such month from the Build Illinois Bond Account to the Build Illinois Bond Retirement and Interest Fund pursuant to Section 13 of the Build Illinois Bond Act, an amount equal to such deficiency shall be immediately paid from other moneys received by the Department pursuant to the Tax Acts to the Build Illinois Fund; provided, however, that any amounts paid to the Build Illinois Fund in any fiscal year pursuant to this sentence

shall be deemed to constitute payments pursuant to clause (b) of the preceding sentence and shall reduce the amount otherwise payable for such fiscal year pursuant to clause (b) of the preceding sentence. The moneys received by the Department pursuant to this Act and required to be deposited into the Build Illinois Fund are subject to the pledge, claim and charge set forth in Section 12 of the Build Illinois Bond Act.

Subject to payment of amounts into the Build Illinois Fund as provided in the preceding paragraph or in any amendment thereto hereafter enacted, the following specified monthly installment of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority provided under Section 8.25f of the State Finance Act, but not in excess of the sums designated as "Total Deposit", shall be deposited in the aggregate from collections under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act into the McCormick Place Expansion Project Fund in the specified fiscal years.

Fiscal Year	Total Deposit
1993	$0
1994	53,000,000
1995	58,000,000
1996	61,000,000
1997	64,000,000

1998	68,000,000
1999	71,000,000
2000	75,000,000
2001	80,000,000
2002	93,000,000
2003	99,000,000
2004	103,000,000
2005	108,000,000
2006	113,000,000
2007	119,000,000
2008	126,000,000
2009	132,000,000
2010	139,000,000
2011	146,000,000
2012	153,000,000
2013	161,000,000
2014	170,000,000
2015	179,000,000
2016	189,000,000
2017	199,000,000
2018	210,000,000
2019	221,000,000
2020	233,000,000
2021	300,000,000
2022	300,000,000
2023	300,000,000

2024	300,000,000
2025	300,000,000
2026	300,000,000
2027	375,000,000
2028	375,000,000
2029	375,000,000
2030	375,000,000
2031	375,000,000
2032	375,000,000
2033	375,000,000
2034	375,000,000
2035	375,000,000
2036	450,000,000
and	
each fiscal year thereafter that bonds are outstanding under Section 13.2 of the Metropolitan Pier and Exposition Authority Act, but not after fiscal year 2060.	

Beginning July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority for that fiscal year, less the amount deposited into the McCormick Place Expansion Project Fund by

the State Treasurer in the respective month under subsection (g) of Section 13 of the Metropolitan Pier and Exposition Authority Act, plus cumulative deficiencies in the deposits required under this Section for previous months and years, shall be deposited into the McCormick Place Expansion Project Fund, until the full amount requested for the fiscal year, but not in excess of the amount specified above as "Total Deposit", has been deposited.

Subject to payment of amounts into the Capital Projects Fund, the Clean Air Act Permit Fund, the Build Illinois Fund, and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, for aviation fuel sold on or after December 1, 2019, the Department shall each month deposit into the Aviation Fuel Sales Tax Refund Fund an amount estimated by the Department to be required for refunds of the 80% portion of the tax on aviation fuel under this Act. The Department shall only deposit moneys into the Aviation Fuel Sales Tax Refund Fund under this paragraph for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Subject to payment of amounts into the Build Illinois Fund and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, beginning July 1, 1993 and ending on September 30, 2013, the Department shall each month pay into the Illinois

Tax Increment Fund 0.27% of 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property.

Subject to payment of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Energy Infrastructure Fund pursuant to the preceding paragraphs or in any amendments to this Section hereafter enacted, beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098), each month, from the collections made under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act, the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue, an amount equal to 1/12 of 5% of 80% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and associated local occupation and use taxes administered by the Department.

Subject to payments of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, beginning on July 1, 2018 the

Department shall pay each month into the Downstate Public Transportation Fund the moneys required to be so paid under Section 2-3 of the Downstate Public Transportation Act.

Subject to successful execution and delivery of a public-private agreement between the public agency and private entity and completion of the civic build, beginning on July 1, 2023, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, the Department shall deposit the following specified deposits in the aggregate from collections under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, as required under Section 8.25g of the State Finance Act for distribution consistent with the Public-Private Partnership for Civic and Transit Infrastructure Project Act. The moneys received by the Department pursuant to this Act and required to be deposited into the Civic and Transit Infrastructure Fund are subject to the pledge, claim, and charge set forth in Section 25-55 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act. As used in this paragraph, "civic build", "private entity", "public-private agreement", and "public agency" have the meanings provided in Section 25-10 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act.

Fiscal Year	Total Deposit
2024	$200,000,000

2025 ..... $206,000,000
2026 ..... $212,200,000
2027 ..... $218,500,000
2028 ..... $225,100,000
2029 ..... $288,700,000
2030 ..... $298,900,000
2031 ..... $309,300,000
2032 ..... $320,100,000
2033 ..... $331,200,000
2034 ..... $341,200,000
2035 ..... $351,400,000
2036 ..... $361,900,000
2037 ..... $372,800,000
2038 ..... $384,000,000
2039 ..... $395,500,000
2040 ..... $407,400,000
2041 ..... $419,600,000
2042 ..... $432,200,000
2043 ..... $445,100,000

Beginning July 1, 2021 and until July 1, 2022, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 16% of the net revenue

realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2022 and until July 1, 2023, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 32% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2023 and until July 1, 2024, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 48% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2024 and until July 1, 2026 ~~July 1, 2025~~, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 64% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning on July 1, 2026 ~~July 1, 2025~~, subject to the

payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 80% of the net revenue realized from the taxes imposed on motor fuel and gasohol. As used in this paragraph "motor fuel" has the meaning given to that term in Section 1.1 of the Motor Fuel Tax Law, and "gasohol" has the meaning given to that term in Section 3-40 of this Act.

Of the remainder of the moneys received by the Department pursuant to this Act, 75% thereof shall be paid into the State Treasury and 25% shall be reserved in a special account and used only for the transfer to the Common School Fund as part of the monthly transfer from the General Revenue Fund in accordance with Section 8a of the State Finance Act.

As soon as possible after the first day of each month, upon certification of the Department of Revenue, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the Motor Fuel Tax Fund an amount equal to 1.7% of 80% of the net revenue realized under this Act for the second preceding month. Beginning April 1, 2000, this transfer is no longer required and shall not be made.

Net revenue realized for a month shall be the revenue collected by the State pursuant to this Act, less the amount

paid out during that month as refunds to taxpayers for overpayment of liability.

For greater simplicity of administration, manufacturers, importers and wholesalers whose products are sold at retail in Illinois by numerous retailers, and who wish to do so, may assume the responsibility for accounting and paying to the Department all tax accruing under this Act with respect to such sales, if the retailers who are affected do not make written objection to the Department to this arrangement.

(Source: P.A. 102-700, Article 60, Section 60-15, eff. 4-19-22; 102-700, Article 65, Section 65-5, eff. 4-19-22; 102-1019, eff. 1-1-23; 103-154, eff. 6-30-23; 103-363, eff. 7-28-23; 103-592, Article 75, Section 75-5, eff. 1-1-25; 103-592, Article 110, Section 110-5, eff. 6-7-24; 103-1055, eff. 12-20-24.)

Section 5-15. The Service Use Tax Act is amended by changing Section 9 as follows:

(35 ILCS 110/9)

Sec. 9. Each serviceman required or authorized to collect the tax herein imposed shall pay to the Department the amount of such tax (except as otherwise provided) at the time when he is required to file his return for the period during which such tax was collected, less a discount of 2.1% prior to January 1, 1990 and 1.75% on and after January 1, 1990, or $5 per calendar

year, whichever is greater, which is allowed to reimburse the serviceman for expenses incurred in collecting the tax, keeping records, preparing and filing returns, remitting the tax, and supplying data to the Department on request. Beginning with returns due on or after January 1, 2025, the vendor's discount allowed in this Section, the Retailers' Occupation Tax Act, the Service Occupation Tax Act, and the Use Tax Act, including any local tax administered by the Department and reported on the same return, shall not exceed $1,000 per month in the aggregate. When determining the discount allowed under this Section, servicemen shall include the amount of tax that would have been due at the 1% rate but for the 0% rate imposed under Public Act 102-700 ~~this amendatory Act of the 102nd General Assembly~~. The discount under this Section is not allowed for the 1.25% portion of taxes paid on aviation fuel that is subject to the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133. The discount allowed under this Section is allowed only for returns that are filed in the manner required by this Act. The Department may disallow the discount for servicemen whose certificate of registration is revoked at the time the return is filed, but only if the Department's decision to revoke the certificate of registration has become final. A serviceman need not remit that part of any tax collected by him to the extent that he is required to pay and does pay the tax imposed by the Service Occupation Tax Act with respect to his sale of

service involving the incidental transfer by him of the same property.

Except as provided hereinafter in this Section, on or before the twentieth day of each calendar month, such serviceman shall file a return for the preceding calendar month in accordance with reasonable Rules and Regulations to be promulgated by the Department. Such return shall be filed on a form prescribed by the Department and shall contain such information as the Department may reasonably require. The return shall include the gross receipts which were received during the preceding calendar month or quarter on the following items upon which tax would have been due but for the 0% rate imposed under Public Act 102-700 ~~this amendatory Act of the 102nd General Assembly~~: (i) food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption); and (ii) food prepared for immediate consumption and transferred incident to a sale of service subject to this Act or the Service Occupation Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act. The return shall

also include the amount of tax that would have been due on the items listed in the previous sentence but for the 0% rate imposed under Public Act 102-700 ~~this amendatory Act of the 102nd General Assembly~~.

In the case of leases, except as otherwise provided in this Act, the lessor, in collecting the tax, may collect for each tax return period~~,~~ only the tax applicable to that part of the selling price actually received during such tax return period.

On and after January 1, 2018, with respect to servicemen whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act shall be filed electronically. Servicemen who demonstrate that they do not have access to the Internet or demonstrate hardship in filing electronically may petition the Department to waive the electronic filing requirement.

The Department may require returns to be filed on a quarterly basis. If so required, a return for each calendar quarter shall be filed on or before the twentieth day of the calendar month following the end of such calendar quarter. The taxpayer shall also file a return with the Department for each of the first two months of each calendar quarter, on or before the twentieth day of the following calendar month, stating:

1. The name of the seller;

2. The address of the principal place of business from which he engages in business as a serviceman in this

State;

3. The total amount of taxable receipts received by him during the preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;

4. The amount of credit provided in Section 2d of this Act;

5. The amount of tax due;

5-5. The signature of the taxpayer; and

6. Such other reasonable information as the Department may require.

Each serviceman required or authorized to collect the tax imposed by this Act on aviation fuel transferred as an incident of a sale of service in this State during the preceding calendar month shall, instead of reporting and paying tax on aviation fuel as otherwise required by this Section, report and pay such tax on a separate aviation fuel tax return. The requirements related to the return shall be as otherwise provided in this Section. Notwithstanding any other provisions of this Act to the contrary, servicemen collecting tax on aviation fuel shall file all aviation fuel tax returns and shall make all aviation fuel tax payments by electronic means in the manner and form required by the Department. For purposes of this Section, "aviation fuel" means jet fuel and aviation gasoline.

If a taxpayer fails to sign a return within 30 days after

the proper notice and demand for signature by the Department, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.

Notwithstanding any other provision of this Act to the contrary, servicemen subject to tax on cannabis shall file all cannabis tax returns and shall make all cannabis tax payments by electronic means in the manner and form required by the Department.

Beginning October 1, 1993, a taxpayer who has an average monthly tax liability of $150,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1994, a taxpayer who has an average monthly tax liability of $100,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" means the sum of the taxpayer's liabilities

under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

Before August 1 of each year beginning in 1993, the Department shall notify all taxpayers required to make payments by electronic funds transfer. All taxpayers required to make payments by electronic funds transfer shall make those payments for a minimum of one year beginning on October 1.

Any taxpayer not required to make payments by electronic funds transfer may make payments by electronic funds transfer with the permission of the Department.

All taxpayers required to make payment by electronic funds transfer and any taxpayers authorized to voluntarily make payments by electronic funds transfer shall make those payments in the manner authorized by the Department.

The Department shall adopt such rules as are necessary to effectuate a program of electronic funds transfer and the requirements of this Section.

If the serviceman is otherwise required to file a monthly return and if the serviceman's average monthly tax liability to the Department does not exceed $200, the Department may authorize his returns to be filed on a quarter annual basis,

with the return for January, February, and March of a given year being due by April 20 of such year; with the return for April, May, and June of a given year being due by July 20 of such year; with the return for July, August, and September of a given year being due by October 20 of such year, and with the return for October, November, and December of a given year being due by January 20 of the following year.

If the serviceman is otherwise required to file a monthly or quarterly return and if the serviceman's average monthly tax liability to the Department does not exceed $50, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 20 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Act concerning the time within which a serviceman may file his return, in the case of any serviceman who ceases to engage in a kind of business which makes him responsible for filing returns under this Act, such serviceman shall file a final return under this Act with the Department not more than one ~~1~~ month after discontinuing such business.

Where a serviceman collects the tax with respect to the selling price of property which he sells and the purchaser thereafter returns such property and the serviceman refunds

the selling price thereof to the purchaser, such serviceman shall also refund, to the purchaser, the tax so collected from the purchaser. When filing his return for the period in which he refunds such tax to the purchaser, the serviceman may deduct the amount of the tax so refunded by him to the purchaser from any other Service Use Tax, Service Occupation Tax, retailers' occupation tax, or use tax which such serviceman may be required to pay or remit to the Department, as shown by such return, provided that the amount of the tax to be deducted shall previously have been remitted to the Department by such serviceman. If the serviceman shall not previously have remitted the amount of such tax to the Department, he shall be entitled to no deduction hereunder upon refunding such tax to the purchaser.

Any serviceman filing a return hereunder shall also include the total tax upon the selling price of tangible personal property purchased for use by him as an incident to a sale of service, and such serviceman shall remit the amount of such tax to the Department when filing such return.

If experience indicates such action to be practicable, the Department may prescribe and furnish a combination or joint return which will enable servicemen, who are required to file returns hereunder and also under the Service Occupation Tax Act, to furnish all the return information required by both Acts on the one form.

Where the serviceman has more than one business registered

with the Department under separate registration hereunder, such serviceman shall not file each return that is due as a single return covering all such registered businesses, but shall file separate returns for each such registered business.

Beginning January 1, 1990, each month the Department shall pay into the State and Local Tax Reform Fund, a special fund in the State treasury ~~Treasury~~, the net revenue realized for the preceding month from the 1% tax imposed under this Act.

Beginning January 1, 1990, each month the Department shall pay into the State and Local Sales Tax Reform Fund 20% of the net revenue realized for the preceding month from the 6.25% general rate on transfers of tangible personal property, other than (i) tangible personal property which is purchased outside Illinois at retail from a retailer and which is titled or registered by an agency of this State's government and (ii) aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

For aviation fuel sold on or after December 1, 2019, each month the Department shall pay into the State Aviation Program Fund 20% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of aviation fuel, less an amount estimated by the Department to be required for refunds of the 20% portion of the tax on aviation fuel under this Act, which amount shall be deposited into the

Aviation Fuel Sales Tax Refund Fund. The Department shall only pay moneys into the State Aviation Program Fund and the Aviation Fuel Sales Tax Refund Fund under this Act for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the State and Local Sales Tax Reform Fund 100% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol.

Beginning October 1, 2009, each month the Department shall pay into the Capital Projects Fund an amount that is equal to an amount estimated by the Department to represent 80% of the net revenue realized for the preceding month from the sale of candy, grooming and hygiene products, and soft drinks that had been taxed at a rate of 1% prior to September 1, 2009 but that are now taxed at 6.25%.

Beginning July 1, 2013, each month the Department shall pay into the Underground Storage Tank Fund from the proceeds collected under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act an amount equal to the average monthly deficit in the Underground Storage Tank Fund during the prior year, as certified annually by the Illinois Environmental Protection Agency, but the total payment into the Underground Storage Tank Fund under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act shall not exceed $18,000,000 in

any State fiscal year. As used in this paragraph, the "average monthly deficit" shall be equal to the difference between the average monthly claims for payment by the fund and the average monthly revenues deposited into the fund, excluding payments made pursuant to this paragraph.

Beginning July 1, 2015, of the remainder of the moneys received by the Department under the Use Tax Act, this Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, each month the Department shall deposit $500,000 into the State Crime Laboratory Fund.

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%, as the case may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to Section 3 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as defined in Section 3

of the Retailers' Occupation Tax Act), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund during such month and (2) the amount transferred during such month to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year; and, further provided, that the amounts payable into the Build Illinois Fund under this clause (b) shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing Bonds issued and outstanding pursuant to the Build Illinois Bond Act is sufficient, taking into account any future investment income, to fully provide, in accordance with such indenture, for the defeasance of or the payment of the principal of, premium, if any, and interest on the Bonds

secured by such indenture and on any Bonds expected to be issued thereafter and all fees and costs payable with respect thereto, all as certified by the Director of the Bureau of the Budget (now Governor's Office of Management and Budget). If on the last business day of any month in which Bonds are outstanding pursuant to the Build Illinois Bond Act, the aggregate of the moneys deposited in the Build Illinois Bond Account in the Build Illinois Fund in such month shall be less than the amount required to be transferred in such month from the Build Illinois Bond Account to the Build Illinois Bond Retirement and Interest Fund pursuant to Section 13 of the Build Illinois Bond Act, an amount equal to such deficiency shall be immediately paid from other moneys received by the Department pursuant to the Tax Acts to the Build Illinois Fund; provided, however, that any amounts paid to the Build Illinois Fund in any fiscal year pursuant to this sentence shall be deemed to constitute payments pursuant to clause (b) of the preceding sentence and shall reduce the amount otherwise payable for such fiscal year pursuant to clause (b) of the preceding sentence. The moneys received by the Department pursuant to this Act and required to be deposited into the Build Illinois Fund are subject to the pledge, claim and charge set forth in Section 12 of the Build Illinois Bond Act.

Subject to payment of amounts into the Build Illinois Fund as provided in the preceding paragraph or in any amendment

thereto hereafter enacted, the following specified monthly installment of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority provided under Section 8.25f of the State Finance Act, but not in excess of the sums designated as "Total Deposit", shall be deposited in the aggregate from collections under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act into the McCormick Place Expansion Project Fund in the specified fiscal years.

Fiscal Year	Total Deposit
1993	$0
1994	53,000,000
1995	58,000,000
1996	61,000,000
1997	64,000,000
1998	68,000,000
1999	71,000,000
2000	75,000,000
2001	80,000,000
2002	93,000,000
2003	99,000,000
2004	103,000,000
2005	108,000,000
2006	113,000,000

2007		119,000,000
2008		126,000,000
2009		132,000,000
2010		139,000,000
2011		146,000,000
2012		153,000,000
2013		161,000,000
2014		170,000,000
2015		179,000,000
2016		189,000,000
2017		199,000,000
2018		210,000,000
2019		221,000,000
2020		233,000,000
2021		300,000,000
2022		300,000,000
2023		300,000,000
2024		300,000,000
2025		300,000,000
2026		300,000,000
2027		375,000,000
2028		375,000,000
2029		375,000,000
2030		375,000,000
2031		375,000,000
2032		375,000,000

2033	375,000,000
2034	375,000,000
2035	375,000,000
2036	450,000,000
and	
each fiscal year thereafter that bonds are outstanding under Section 13.2 of the Metropolitan Pier and Exposition Authority Act, but not after fiscal year 2060.	

Beginning July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority for that fiscal year, less the amount deposited into the McCormick Place Expansion Project Fund by the State Treasurer in the respective month under subsection (g) of Section 13 of the Metropolitan Pier and Exposition Authority Act, plus cumulative deficiencies in the deposits required under this Section for previous months and years, shall be deposited into the McCormick Place Expansion Project Fund, until the full amount requested for the fiscal year, but not in excess of the amount specified above as "Total Deposit", has been deposited.

Subject to payment of amounts into the Capital Projects

Fund, the Clean Air Act Permit Fund, the Build Illinois Fund, and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, for aviation fuel sold on or after December 1, 2019, the Department shall each month deposit into the Aviation Fuel Sales Tax Refund Fund an amount estimated by the Department to be required for refunds of the 80% portion of the tax on aviation fuel under this Act. The Department shall only deposit moneys into the Aviation Fuel Sales Tax Refund Fund under this paragraph for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Subject to payment of amounts into the Build Illinois Fund and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, beginning July 1, 1993 and ending on September 30, 2013, the Department shall each month pay into the Illinois Tax Increment Fund 0.27% of 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property.

Subject to payment of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, pursuant to the preceding paragraphs or in any amendments to this Section hereafter enacted, beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098),

each month, from the collections made under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act, the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue, an amount equal to 1/12 of 5% of 80% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and associated local occupation and use taxes administered by the Department.

Subject to payments of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, beginning on July 1, 2018 the Department shall pay each month into the Downstate Public Transportation Fund the moneys required to be so paid under Section 2-3 of the Downstate Public Transportation Act.

Subject to successful execution and delivery of a public-private agreement between the public agency and private entity and completion of the civic build, beginning on July 1, 2023, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, the Department shall

deposit the following specified deposits in the aggregate from collections under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, as required under Section 8.25g of the State Finance Act for distribution consistent with the Public-Private Partnership for Civic and Transit Infrastructure Project Act. The moneys received by the Department pursuant to this Act and required to be deposited into the Civic and Transit Infrastructure Fund are subject to the pledge, claim, and charge set forth in Section 25-55 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act. As used in this paragraph, "civic build", "private entity", "public-private agreement", and "public agency" have the meanings provided in Section 25-10 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act.

Fiscal Year	Total Deposit
2024	$200,000,000
2025	$206,000,000
2026	$212,200,000
2027	$218,500,000
2028	$225,100,000
2029	$288,700,000
2030	$298,900,000
2031	$309,300,000
2032	$320,100,000
2033	$331,200,000

2034 ..... $341,200,000
2035 ..... $351,400,000
2036 ..... $361,900,000
2037 ..... $372,800,000
2038 ..... $384,000,000
2039 ..... $395,500,000
2040 ..... $407,400,000
2041 ..... $419,600,000
2042 ..... $432,200,000
2043 ..... $445,100,000

Beginning July 1, 2021 and until July 1, 2022, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Energy Infrastructure Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 16% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2022 and until July 1, 2023, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 32% of the net revenue realized from the taxes imposed on motor fuel and gasohol.

Beginning July 1, 2023 and until July 1, 2024, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 48% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2024 and until July 1, 2026 ~~July 1, 2025~~, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 64% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning on July 1, 2026 ~~July 1, 2025~~, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 80% of the net revenue realized from the taxes imposed on motor fuel and gasohol. As used in this paragraph "motor fuel" has the meaning given to that term in Section 1.1 of the Motor Fuel Tax Law, and

"gasohol" has the meaning given to that term in Section 3-40 of the Use Tax Act.

Of the remainder of the moneys received by the Department pursuant to this Act, 75% thereof shall be paid into the General Revenue Fund of the State treasury ~~Treasury~~ and 25% shall be reserved in a special account and used only for the transfer to the Common School Fund as part of the monthly transfer from the General Revenue Fund in accordance with Section 8a of the State Finance Act.

As soon as possible after the first day of each month, upon certification of the Department of Revenue, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the Motor Fuel Tax Fund an amount equal to 1.7% of 80% of the net revenue realized under this Act for the second preceding month. Beginning April 1, 2000, this transfer is no longer required and shall not be made.

Net revenue realized for a month shall be the revenue collected by the State pursuant to this Act, less the amount paid out during that month as refunds to taxpayers for overpayment of liability.

(Source: P.A. 102-700, eff. 4-19-22; 103-363, eff. 7-28-23; 103-592, Article 75, Section 75-10, eff. 1-1-25; 103-592, Article 110, Section 110-10, eff. 6-7-24; revised 11-26-24.)

Section 5-20. The Service Occupation Tax Act is amended by changing Section 9 as follows:

(35 ILCS 115/9) (from Ch. 120, par. 439.109)

Sec. 9. Each serviceman required or authorized to collect the tax herein imposed shall pay to the Department the amount of such tax at the time when he is required to file his return for the period during which such tax was collectible, less a discount of 2.1% prior to January 1, 1990, and 1.75% on and after January 1, 1990, or $5 per calendar year, whichever is greater, which is allowed to reimburse the serviceman for expenses incurred in collecting the tax, keeping records, preparing and filing returns, remitting the tax, and supplying data to the Department on request. Beginning with returns due on or after January 1, 2025, the vendor's discount allowed in this Section, the Retailers' Occupation Tax Act, the Use Tax Act, and the Service Use Tax Act, including any local tax administered by the Department and reported on the same return, shall not exceed $1,000 per month in the aggregate. When determining the discount allowed under this Section, servicemen shall include the amount of tax that would have been due at the 1% rate but for the 0% rate imposed under Public Act 102-700. The discount under this Section is not allowed for the 1.25% portion of taxes paid on aviation fuel that is subject to the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133. The discount allowed under this Section is allowed only for returns that are filed in the manner required by this Act. The Department may disallow the

discount for servicemen whose certificate of registration is revoked at the time the return is filed, but only if the Department's decision to revoke the certificate of registration has become final.

Where such tangible personal property is sold under a conditional sales contract, or under any other form of sale wherein the payment of the principal sum, or a part thereof, is extended beyond the close of the period for which the return is filed, the serviceman, in collecting the tax may collect, for each tax return period, only the tax applicable to the part of the selling price actually received during such tax return period.

Except as provided hereinafter in this Section, on or before the twentieth day of each calendar month, such serviceman shall file a return for the preceding calendar month in accordance with reasonable rules and regulations to be promulgated by the Department of Revenue. Such return shall be filed on a form prescribed by the Department and shall contain such information as the Department may reasonably require. The return shall include the gross receipts which were received during the preceding calendar month or quarter on the following items upon which tax would have been due but for the 0% rate imposed under Public Act 102-700: (i) food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks,

and food that has been prepared for immediate consumption); and (ii) food prepared for immediate consumption and transferred incident to a sale of service subject to this Act or the Service Use Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act. The return shall also include the amount of tax that would have been due on the items listed in the previous sentence but for the 0% rate imposed under Public Act 102-700.

On and after January 1, 2018, with respect to servicemen whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act shall be filed electronically. Servicemen who demonstrate that they do not have access to the Internet or demonstrate hardship in filing electronically may petition the Department to waive the electronic filing requirement.

The Department may require returns to be filed on a quarterly basis. If so required, a return for each calendar quarter shall be filed on or before the twentieth day of the calendar month following the end of such calendar quarter. The taxpayer shall also file a return with the Department for each of the first two months of each calendar quarter, on or before

the twentieth day of the following calendar month, stating:

1. The name of the seller;

2. The address of the principal place of business from which he engages in business as a serviceman in this State;

3. The total amount of taxable receipts received by him during the preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;

4. The amount of credit provided in Section 2d of this Act;

5. The amount of tax due;

5-5. The signature of the taxpayer; and

6. Such other reasonable information as the Department may require.

Each serviceman required or authorized to collect the tax herein imposed on aviation fuel acquired as an incident to the purchase of a service in this State during the preceding calendar month shall, instead of reporting and paying tax as otherwise required by this Section, report and pay such tax on a separate aviation fuel tax return. The requirements related to the return shall be as otherwise provided in this Section. Notwithstanding any other provisions of this Act to the contrary, servicemen transferring aviation fuel incident to sales of service shall file all aviation fuel tax returns and shall make all aviation fuel tax payments by electronic means

in the manner and form required by the Department. For purposes of this Section, "aviation fuel" means jet fuel and aviation gasoline.

If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.

Notwithstanding any other provision of this Act to the contrary, servicemen subject to tax on cannabis shall file all cannabis tax returns and shall make all cannabis tax payments by electronic means in the manner and form required by the Department.

Prior to October 1, 2003, and on and after September 1, 2004 a serviceman may accept a Manufacturer's Purchase Credit certification from a purchaser in satisfaction of Service Use Tax as provided in Section 3-70 of the Service Use Tax Act if the purchaser provides the appropriate documentation as required by Section 3-70 of the Service Use Tax Act. A Manufacturer's Purchase Credit certification, accepted prior to October 1, 2003 or on or after September 1, 2004 by a serviceman as provided in Section 3-70 of the Service Use Tax Act, may be used by that serviceman to satisfy Service Occupation Tax liability in the amount claimed in the certification, not to exceed 6.25% of the receipts subject to tax from a qualifying purchase. A Manufacturer's Purchase Credit reported on any original or amended return filed under

this Act after October 20, 2003 for reporting periods prior to September 1, 2004 shall be disallowed. Manufacturer's Purchase Credit reported on annual returns due on or after January 1, 2005 will be disallowed for periods prior to September 1, 2004. No Manufacturer's Purchase Credit may be used after September 30, 2003 through August 31, 2004 to satisfy any tax liability imposed under this Act, including any audit liability.

Beginning on July 1, 2023 and through December 31, 2032, a serviceman may accept a Sustainable Aviation Fuel Purchase Credit certification from an air common carrier-purchaser in satisfaction of Service Use Tax as provided in Section 3-72 of the Service Use Tax Act if the purchaser provides the appropriate documentation as required by Section 3-72 of the Service Use Tax Act. A Sustainable Aviation Fuel Purchase Credit certification accepted by a serviceman in accordance with this paragraph may be used by that serviceman to satisfy service occupation tax liability (but not in satisfaction of penalty or interest) in the amount claimed in the certification, not to exceed 6.25% of the receipts subject to tax from a sale of aviation fuel. In addition, for a sale of aviation fuel to qualify to earn the Sustainable Aviation Fuel Purchase Credit, servicemen must retain in their books and records a certification from the producer of the aviation fuel that the aviation fuel sold by the serviceman and for which a sustainable aviation fuel purchase credit was earned meets the

definition of sustainable aviation fuel under Section 3-72 of the Service Use Tax Act. The documentation must include detail sufficient for the Department to determine the number of gallons of sustainable aviation fuel sold.

If the serviceman's average monthly tax liability to the Department does not exceed $200, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February, and March of a given year being due by April 20 of such year; with the return for April, May, and June of a given year being due by July 20 of such year; with the return for July, August, and September of a given year being due by October 20 of such year, and with the return for October, November, and December of a given year being due by January 20 of the following year.

If the serviceman's average monthly tax liability to the Department does not exceed $50, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 20 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Act concerning the time within which a serviceman may file his return, in the case of any serviceman who ceases to engage in a kind of business which makes him responsible for filing returns under this Act, such serviceman shall file a final return under this

Act with the Department not more than one month after discontinuing such business.

Beginning October 1, 1993, a taxpayer who has an average monthly tax liability of $150,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1994, a taxpayer who has an average monthly tax liability of $100,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" means the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by

rules of the Department by electronic funds transfer.

Before August 1 of each year beginning in 1993, the Department shall notify all taxpayers required to make payments by electronic funds transfer. All taxpayers required to make payments by electronic funds transfer shall make those payments for a minimum of one year beginning on October 1.

Any taxpayer not required to make payments by electronic funds transfer may make payments by electronic funds transfer with the permission of the Department.

All taxpayers required to make payment by electronic funds transfer and any taxpayers authorized to voluntarily make payments by electronic funds transfer shall make those payments in the manner authorized by the Department.

The Department shall adopt such rules as are necessary to effectuate a program of electronic funds transfer and the requirements of this Section.

Where a serviceman collects the tax with respect to the selling price of tangible personal property which he sells and the purchaser thereafter returns such tangible personal property and the serviceman refunds the selling price thereof to the purchaser, such serviceman shall also refund, to the purchaser, the tax so collected from the purchaser. When filing his return for the period in which he refunds such tax to the purchaser, the serviceman may deduct the amount of the tax so refunded by him to the purchaser from any other Service Occupation Tax, Service Use Tax, Retailers' Occupation Tax, or

Use Tax which such serviceman may be required to pay or remit to the Department, as shown by such return, provided that the amount of the tax to be deducted shall previously have been remitted to the Department by such serviceman. If the serviceman shall not previously have remitted the amount of such tax to the Department, he shall be entitled to no deduction hereunder upon refunding such tax to the purchaser.

If experience indicates such action to be practicable, the Department may prescribe and furnish a combination or joint return which will enable servicemen, who are required to file returns hereunder and also under the Retailers' Occupation Tax Act, the Use Tax Act, or the Service Use Tax Act, to furnish all the return information required by all said Acts on the one form.

Where the serviceman has more than one business registered with the Department under separate registrations hereunder, such serviceman shall file separate returns for each registered business.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund the revenue realized for the preceding month from the 1% tax imposed under this Act.

Beginning January 1, 1990, each month the Department shall pay into the County and Mass Transit District Fund 4% of the revenue realized for the preceding month from the 6.25% general rate on sales of tangible personal property other than aviation fuel sold on or after December 1, 2019. This

exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the County and Mass Transit District Fund 20% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund 16% of the revenue realized for the preceding month from the 6.25% general rate on transfers of tangible personal property other than aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

For aviation fuel sold on or after December 1, 2019, each month the Department shall pay into the State Aviation Program Fund 20% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of aviation fuel, less an amount estimated by the Department to be required for refunds of the 20% portion of the tax on aviation fuel under this Act, which amount shall be deposited into the Aviation Fuel Sales Tax Refund Fund. The Department shall only pay moneys into the State Aviation Program Fund and the Aviation Fuel Sales Tax Refund Fund under this Act for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49

U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the Local Government Tax Fund 80% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol.

Beginning October 1, 2009, each month the Department shall pay into the Capital Projects Fund an amount that is equal to an amount estimated by the Department to represent 80% of the net revenue realized for the preceding month from the sale of candy, grooming and hygiene products, and soft drinks that had been taxed at a rate of 1% prior to September 1, 2009 but that are now taxed at 6.25%.

Beginning July 1, 2013, each month the Department shall pay into the Underground Storage Tank Fund from the proceeds collected under this Act, the Use Tax Act, the Service Use Tax Act, and the Retailers' Occupation Tax Act an amount equal to the average monthly deficit in the Underground Storage Tank Fund during the prior year, as certified annually by the Illinois Environmental Protection Agency, but the total payment into the Underground Storage Tank Fund under this Act, the Use Tax Act, the Service Use Tax Act, and the Retailers' Occupation Tax Act shall not exceed $18,000,000 in any State fiscal year. As used in this paragraph, the "average monthly deficit" shall be equal to the difference between the average monthly claims for payment by the fund and the average monthly revenues deposited into the fund, excluding payments made

pursuant to this paragraph.

Beginning July 1, 2015, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, this Act, and the Retailers' Occupation Tax Act, each month the Department shall deposit $500,000 into the State Crime Laboratory Fund.

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%, as the case may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to Section 3 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as defined in Section 3 of the Retailers' Occupation Tax Act), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and further provided, that if on the last

business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Account in the Build Illinois Fund during such month and (2) the amount transferred during such month to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year; and, further provided, that the amounts payable into the Build Illinois Fund under this clause (b) shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing Bonds issued and outstanding pursuant to the Build Illinois Bond Act is sufficient, taking into account any future investment income, to fully provide, in accordance with such indenture, for the defeasance of or the payment of the principal of, premium, if any, and interest on the Bonds secured by such indenture and on any Bonds expected to be issued thereafter and all fees and costs payable with respect thereto, all as certified by the Director of the Bureau of the Budget (now Governor's Office of Management and Budget). If on

the last business day of any month in which Bonds are outstanding pursuant to the Build Illinois Bond Act, the aggregate of the moneys deposited in the Build Illinois Bond Account in the Build Illinois Fund in such month shall be less than the amount required to be transferred in such month from the Build Illinois Bond Account to the Build Illinois Bond Retirement and Interest Fund pursuant to Section 13 of the Build Illinois Bond Act, an amount equal to such deficiency shall be immediately paid from other moneys received by the Department pursuant to the Tax Acts to the Build Illinois Fund; provided, however, that any amounts paid to the Build Illinois Fund in any fiscal year pursuant to this sentence shall be deemed to constitute payments pursuant to clause (b) of the preceding sentence and shall reduce the amount otherwise payable for such fiscal year pursuant to clause (b) of the preceding sentence. The moneys received by the Department pursuant to this Act and required to be deposited into the Build Illinois Fund are subject to the pledge, claim and charge set forth in Section 12 of the Build Illinois Bond Act.

Subject to payment of amounts into the Build Illinois Fund as provided in the preceding paragraph or in any amendment thereto hereafter enacted, the following specified monthly installment of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority provided under Section 8.25f of the State Finance Act, but not

in excess of the sums designated as "Total Deposit", shall be deposited in the aggregate from collections under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act into the McCormick Place Expansion Project Fund in the specified fiscal years.

Fiscal Year	Total Deposit
1993	$0
1994	53,000,000
1995	58,000,000
1996	61,000,000
1997	64,000,000
1998	68,000,000
1999	71,000,000
2000	75,000,000
2001	80,000,000
2002	93,000,000
2003	99,000,000
2004	103,000,000
2005	108,000,000
2006	113,000,000
2007	119,000,000
2008	126,000,000
2009	132,000,000
2010	139,000,000

1	2011	146,000,000
2	2012	153,000,000
3	2013	161,000,000
4	2014	170,000,000
5	2015	179,000,000
6	2016	189,000,000
7	2017	199,000,000
8	2018	210,000,000
9	2019	221,000,000
10	2020	233,000,000
11	2021	300,000,000
12	2022	300,000,000
13	2023	300,000,000
14	2024	300,000,000
15	2025	300,000,000
16	2026	300,000,000
17	2027	375,000,000
18	2028	375,000,000
19	2029	375,000,000
20	2030	375,000,000
21	2031	375,000,000
22	2032	375,000,000
23	2033	375,000,000
24	2034	375,000,000
25	2035	375,000,000
26	2036	450,000,000

and
each fiscal year
thereafter that bonds
are outstanding under
Section 13.2 of the
Metropolitan Pier and
Exposition Authority Act,
but not after fiscal year 2060.

Beginning July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority for that fiscal year, less the amount deposited into the McCormick Place Expansion Project Fund by the State Treasurer in the respective month under subsection (g) of Section 13 of the Metropolitan Pier and Exposition Authority Act, plus cumulative deficiencies in the deposits required under this Section for previous months and years, shall be deposited into the McCormick Place Expansion Project Fund, until the full amount requested for the fiscal year, but not in excess of the amount specified above as "Total Deposit", has been deposited.

Subject to payment of amounts into the Capital Projects Fund, the Build Illinois Fund, and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, for aviation fuel sold on or after December 1, 2019, the Department shall each

month deposit into the Aviation Fuel Sales Tax Refund Fund an amount estimated by the Department to be required for refunds of the 80% portion of the tax on aviation fuel under this Act. The Department shall only deposit moneys into the Aviation Fuel Sales Tax Refund Fund under this paragraph for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Subject to payment of amounts into the Build Illinois Fund and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, beginning July 1, 1993 and ending on September 30, 2013, the Department shall each month pay into the Illinois Tax Increment Fund 0.27% of 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property.

Subject to payment of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, and the Illinois Tax Increment Fund pursuant to the preceding paragraphs or in any amendments to this Section hereafter enacted, beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098), each month, from the collections made under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act, the Department shall pay into the Tax Compliance and Administration Fund, to

be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue, an amount equal to 1/12 of 5% of 80% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and associated local occupation and use taxes administered by the Department.

Subject to payments of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, beginning on July 1, 2018 the Department shall pay each month into the Downstate Public Transportation Fund the moneys required to be so paid under Section 2-3 of the Downstate Public Transportation Act.

Subject to successful execution and delivery of a public-private agreement between the public agency and private entity and completion of the civic build, beginning on July 1, 2023, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, the Department shall deposit the following specified deposits in the aggregate from collections under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, as required under Section 8.25g of the State Finance Act for distribution consistent with the Public-Private

Partnership for Civic and Transit Infrastructure Project Act. The moneys received by the Department pursuant to this Act and required to be deposited into the Civic and Transit Infrastructure Fund are subject to the pledge, claim and charge set forth in Section 25-55 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act. As used in this paragraph, "civic build", "private entity", "public-private agreement", and "public agency" have the meanings provided in Section 25-10 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act.

Fiscal Year	Total Deposit
2024	$200,000,000
2025	$206,000,000
2026	$212,200,000
2027	$218,500,000
2028	$225,100,000
2029	$288,700,000
2030	$298,900,000
2031	$309,300,000
2032	$320,100,000
2033	$331,200,000
2034	$341,200,000
2035	$351,400,000
2036	$361,900,000
2037	$372,800,000
2038	$384,000,000

2039 ..... $395,500,000
2040 ..... $407,400,000
2041 ..... $419,600,000
2042 ..... $432,200,000
2043 ..... $445,100,000

Beginning July 1, 2021 and until July 1, 2022, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 16% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2022 and until July 1, 2023, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 32% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2023 and until July 1, 2024, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project

Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 48% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2024 and until July 1, 2026 ~~July 1, 2025~~, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 64% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning on July 1, 2026 ~~July 1, 2025~~, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 80% of the net revenue realized from the taxes imposed on motor fuel and gasohol. As used in this paragraph "motor fuel" has the meaning given to that term in Section 1.1 of the Motor Fuel Tax Law, and "gasohol" has the meaning given to that term in Section 3-40 of the Use Tax Act.

Of the remainder of the moneys received by the Department

pursuant to this Act, 75% shall be paid into the General Revenue Fund of the State treasury and 25% shall be reserved in a special account and used only for the transfer to the Common School Fund as part of the monthly transfer from the General Revenue Fund in accordance with Section 8a of the State Finance Act.

The Department may, upon separate written notice to a taxpayer, require the taxpayer to prepare and file with the Department on a form prescribed by the Department within not less than 60 days after receipt of the notice an annual information return for the tax year specified in the notice. Such annual return to the Department shall include a statement of gross receipts as shown by the taxpayer's last federal income tax return. If the total receipts of the business as reported in the federal income tax return do not agree with the gross receipts reported to the Department of Revenue for the same period, the taxpayer shall attach to his annual return a schedule showing a reconciliation of the 2 amounts and the reasons for the difference. The taxpayer's annual return to the Department shall also disclose the cost of goods sold by the taxpayer during the year covered by such return, opening and closing inventories of such goods for such year, cost of goods used from stock or taken from stock and given away by the taxpayer during such year, pay roll information of the taxpayer's business during such year and any additional reasonable information which the Department deems would be

helpful in determining the accuracy of the monthly, quarterly or annual returns filed by such taxpayer as hereinbefore provided for in this Section.

If the annual information return required by this Section is not filed when and as required, the taxpayer shall be liable as follows:

(i) Until January 1, 1994, the taxpayer shall be liable for a penalty equal to 1/6 of 1% of the tax due from such taxpayer under this Act during the period to be covered by the annual return for each month or fraction of a month until such return is filed as required, the penalty to be assessed and collected in the same manner as any other penalty provided for in this Act.

(ii) On and after January 1, 1994, the taxpayer shall be liable for a penalty as described in Section 3-4 of the Uniform Penalty and Interest Act.

The chief executive officer, proprietor, owner, or highest ranking manager shall sign the annual return to certify the accuracy of the information contained therein. Any person who willfully signs the annual return containing false or inaccurate information shall be guilty of perjury and punished accordingly. The annual return form prescribed by the Department shall include a warning that the person signing the return may be liable for perjury.

The foregoing portion of this Section concerning the filing of an annual information return shall not apply to a

serviceman who is not required to file an income tax return with the United States Government.

As soon as possible after the first day of each month, upon certification of the Department of Revenue, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the Motor Fuel Tax Fund an amount equal to 1.7% of 80% of the net revenue realized under this Act for the second preceding month. Beginning April 1, 2000, this transfer is no longer required and shall not be made.

Net revenue realized for a month shall be the revenue collected by the State pursuant to this Act, less the amount paid out during that month as refunds to taxpayers for overpayment of liability.

For greater simplicity of administration, it shall be permissible for manufacturers, importers and wholesalers whose products are sold by numerous servicemen in Illinois, and who wish to do so, to assume the responsibility for accounting and paying to the Department all tax accruing under this Act with respect to such sales, if the servicemen who are affected do not make written objection to the Department to this arrangement.

(Source: P.A. 102-700, eff. 4-19-22; 103-9, eff. 6-7-23; 103-363, eff. 7-28-23; 103-592, eff. 6-7-24; 103-605, eff. 7-1-24.)

Section 5-25. The Retailers' Occupation Tax Act is amended

by changing Section 3 as follows:

(35 ILCS 120/3)

Sec. 3. Except as provided in this Section, on or before the twentieth day of each calendar month, every person engaged in the business of selling, which, on and after January 1, 2025, includes leasing, tangible personal property at retail in this State during the preceding calendar month shall file a return with the Department, stating:

1. The name of the seller;

2. His residence address and the address of his principal place of business and the address of the principal place of business (if that is a different address) from which he engages in the business of selling tangible personal property at retail in this State;

3. Total amount of receipts received by him during the preceding calendar month or quarter, as the case may be, from sales of tangible personal property, and from services furnished, by him during such preceding calendar month or quarter;

4. Total amount received by him during the preceding calendar month or quarter on charge and time sales of tangible personal property, and from services furnished, by him prior to the month or quarter for which the return is filed;

5. Deductions allowed by law;

6. Gross receipts which were received by him during the preceding calendar month or quarter and upon the basis of which the tax is imposed, including gross receipts on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) which were received during the preceding calendar month or quarter and upon which tax would have been due but for the 0% rate imposed under Public Act 102-700;

7. The amount of credit provided in Section 2d of this Act;

8. The amount of tax due, including the amount of tax that would have been due on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) but for the 0% rate imposed under Public Act 102-700;

9. The signature of the taxpayer; and

10. Such other reasonable information as the Department may require.

In the case of leases, except as otherwise provided in this Act, the lessor must remit for each tax return period only the tax applicable to that part of the selling price actually

received during such tax return period.

On and after January 1, 2018, except for returns required to be filed prior to January 1, 2023 for motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, with respect to retailers whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act shall be filed electronically. On and after January 1, 2023, with respect to retailers whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act, including, but not limited to, returns for motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, shall be filed electronically. Retailers who demonstrate that they do not have access to the Internet or demonstrate hardship in filing electronically may petition the Department to waive the electronic filing requirement.

If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.

Each return shall be accompanied by the statement of prepaid tax issued pursuant to Section 2e for which credit is claimed.

Prior to October 1, 2003 and on and after September 1, 2004, a retailer may accept a Manufacturer's Purchase Credit

certification from a purchaser in satisfaction of Use Tax as provided in Section 3-85 of the Use Tax Act if the purchaser provides the appropriate documentation as required by Section 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit certification, accepted by a retailer prior to October 1, 2003 and on and after September 1, 2004 as provided in Section 3-85 of the Use Tax Act, may be used by that retailer to satisfy Retailers' Occupation Tax liability in the amount claimed in the certification, not to exceed 6.25% of the receipts subject to tax from a qualifying purchase. A Manufacturer's Purchase Credit reported on any original or amended return filed under this Act after October 20, 2003 for reporting periods prior to September 1, 2004 shall be disallowed. Manufacturer's Purchase Credit reported on annual returns due on or after January 1, 2005 will be disallowed for periods prior to September 1, 2004. No Manufacturer's Purchase Credit may be used after September 30, 2003 through August 31, 2004 to satisfy any tax liability imposed under this Act, including any audit liability.

Beginning on July 1, 2023 and through December 31, 2032, a retailer may accept a Sustainable Aviation Fuel Purchase Credit certification from an air common carrier-purchaser in satisfaction of Use Tax on aviation fuel as provided in Section 3-87 of the Use Tax Act if the purchaser provides the appropriate documentation as required by Section 3-87 of the Use Tax Act. A Sustainable Aviation Fuel Purchase Credit

certification accepted by a retailer in accordance with this paragraph may be used by that retailer to satisfy Retailers' Occupation Tax liability (but not in satisfaction of penalty or interest) in the amount claimed in the certification, not to exceed 6.25% of the receipts subject to tax from a sale of aviation fuel. In addition, for a sale of aviation fuel to qualify to earn the Sustainable Aviation Fuel Purchase Credit, retailers must retain in their books and records a certification from the producer of the aviation fuel that the aviation fuel sold by the retailer and for which a sustainable aviation fuel purchase credit was earned meets the definition of sustainable aviation fuel under Section 3-87 of the Use Tax Act. The documentation must include detail sufficient for the Department to determine the number of gallons of sustainable aviation fuel sold.

The Department may require returns to be filed on a quarterly basis. If so required, a return for each calendar quarter shall be filed on or before the twentieth day of the calendar month following the end of such calendar quarter. The taxpayer shall also file a return with the Department for each of the first 2 months of each calendar quarter, on or before the twentieth day of the following calendar month, stating:

1. The name of the seller;

2. The address of the principal place of business from which he engages in the business of selling tangible personal property at retail in this State;

3. The total amount of taxable receipts received by him during the preceding calendar month from sales of tangible personal property by him during such preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;

4. The amount of credit provided in Section 2d of this Act;

5. The amount of tax due; and

6. Such other reasonable information as the Department may require.

Every person engaged in the business of selling aviation fuel at retail in this State during the preceding calendar month shall, instead of reporting and paying tax as otherwise required by this Section, report and pay such tax on a separate aviation fuel tax return. The requirements related to the return shall be as otherwise provided in this Section. Notwithstanding any other provisions of this Act to the contrary, retailers selling aviation fuel shall file all aviation fuel tax returns and shall make all aviation fuel tax payments by electronic means in the manner and form required by the Department. For purposes of this Section, "aviation fuel" means jet fuel and aviation gasoline.

Beginning on October 1, 2003, any person who is not a licensed distributor, importing distributor, or manufacturer, as defined in the Liquor Control Act of 1934, but is engaged in the business of selling, at retail, alcoholic liquor shall

file a statement with the Department of Revenue, in a format and at a time prescribed by the Department, showing the total amount paid for alcoholic liquor purchased during the preceding month and such other information as is reasonably required by the Department. The Department may adopt rules to require that this statement be filed in an electronic or telephonic format. Such rules may provide for exceptions from the filing requirements of this paragraph. For the purposes of this paragraph, the term "alcoholic liquor" shall have the meaning prescribed in the Liquor Control Act of 1934.

Beginning on October 1, 2003, every distributor, importing distributor, and manufacturer of alcoholic liquor as defined in the Liquor Control Act of 1934, shall file a statement with the Department of Revenue, no later than the 10th day of the month for the preceding month during which transactions occurred, by electronic means, showing the total amount of gross receipts from the sale of alcoholic liquor sold or distributed during the preceding month to purchasers; identifying the purchaser to whom it was sold or distributed; the purchaser's tax registration number; and such other information reasonably required by the Department. A distributor, importing distributor, or manufacturer of alcoholic liquor must personally deliver, mail, or provide by electronic means to each retailer listed on the monthly statement a report containing a cumulative total of that distributor's, importing distributor's, or manufacturer's

total sales of alcoholic liquor to that retailer no later than the 10th day of the month for the preceding month during which the transaction occurred. The distributor, importing distributor, or manufacturer shall notify the retailer as to the method by which the distributor, importing distributor, or manufacturer will provide the sales information. If the retailer is unable to receive the sales information by electronic means, the distributor, importing distributor, or manufacturer shall furnish the sales information by personal delivery or by mail. For purposes of this paragraph, the term "electronic means" includes, but is not limited to, the use of a secure Internet website, e-mail, or facsimile.

If a total amount of less than $1 is payable, refundable or creditable, such amount shall be disregarded if it is less than 50 cents and shall be increased to $1 if it is 50 cents or more.

Notwithstanding any other provision of this Act to the contrary, retailers subject to tax on cannabis shall file all cannabis tax returns and shall make all cannabis tax payments by electronic means in the manner and form required by the Department.

Beginning October 1, 1993, a taxpayer who has an average monthly tax liability of $150,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1994, a taxpayer who has an average monthly tax liability of $100,000 or more shall

make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

Before August 1 of each year beginning in 1993, the Department shall notify all taxpayers required to make payments by electronic funds transfer. All taxpayers required to make payments by electronic funds transfer shall make those payments for a minimum of one year beginning on October 1.

Any taxpayer not required to make payments by electronic

funds transfer may make payments by electronic funds transfer with the permission of the Department.

All taxpayers required to make payment by electronic funds transfer and any taxpayers authorized to voluntarily make payments by electronic funds transfer shall make those payments in the manner authorized by the Department.

The Department shall adopt such rules as are necessary to effectuate a program of electronic funds transfer and the requirements of this Section.

Any amount which is required to be shown or reported on any return or other document under this Act shall, if such amount is not a whole-dollar amount, be increased to the nearest whole-dollar amount in any case where the fractional part of a dollar is 50 cents or more, and decreased to the nearest whole-dollar amount where the fractional part of a dollar is less than 50 cents.

If the retailer is otherwise required to file a monthly return and if the retailer's average monthly tax liability to the Department does not exceed $200, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February, and March of a given year being due by April 20 of such year; with the return for April, May, and June of a given year being due by July 20 of such year; with the return for July, August, and September of a given year being due by October 20 of such year, and with the return for October, November, and December of a given year

being due by January 20 of the following year.

If the retailer is otherwise required to file a monthly or quarterly return and if the retailer's average monthly tax liability with the Department does not exceed $50, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 20 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Act concerning the time within which a retailer may file his return, in the case of any retailer who ceases to engage in a kind of business which makes him responsible for filing returns under this Act, such retailer shall file a final return under this Act with the Department not more than one month after discontinuing such business.

Where the same person has more than one business registered with the Department under separate registrations under this Act, such person may not file each return that is due as a single return covering all such registered businesses, but shall file separate returns for each such registered business.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, except as otherwise provided in this

Section, every retailer selling this kind of tangible personal property shall file, with the Department, upon a form to be prescribed and supplied by the Department, a separate return for each such item of tangible personal property which the retailer sells, except that if, in the same transaction, (i) a retailer of aircraft, watercraft, motor vehicles, or trailers transfers more than one aircraft, watercraft, motor vehicle, or trailer to another aircraft, watercraft, motor vehicle retailer, or trailer retailer for the purpose of resale or (ii) a retailer of aircraft, watercraft, motor vehicles, or trailers transfers more than one aircraft, watercraft, motor vehicle, or trailer to a purchaser for use as a qualifying rolling stock as provided in Section 2-5 of this Act, then that seller may report the transfer of all aircraft, watercraft, motor vehicles, or trailers involved in that transaction to the Department on the same uniform invoice-transaction reporting return form. For purposes of this Section, "watercraft" means a Class 2, Class 3, or Class 4 watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, every person who is engaged in the business of leasing or renting such items and who, in connection with such business, sells any such item to a

retailer for the purpose of resale is, notwithstanding any other provision of this Section to the contrary, authorized to meet the return-filing requirement of this Act by reporting the transfer of all the aircraft, watercraft, motor vehicles, or trailers transferred for resale during a month to the Department on the same uniform invoice-transaction reporting return form on or before the 20th of the month following the month in which the transfer takes place. Notwithstanding any other provision of this Act to the contrary, all returns filed under this paragraph must be filed by electronic means in the manner and form as required by the Department.

Any retailer who sells only motor vehicles, watercraft, aircraft, or trailers that are required to be registered with an agency of this State, so that all retailers' occupation tax liability is required to be reported, and is reported, on such transaction reporting returns and who is not otherwise required to file monthly or quarterly returns, need not file monthly or quarterly returns. However, those retailers shall be required to file returns on an annual basis.

The transaction reporting return, in the case of motor vehicles or trailers that are required to be registered with an agency of this State, shall be the same document as the Uniform Invoice referred to in Section 5-402 of the Illinois Vehicle Code and must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for

traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 1 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale; a sufficient identification of the property sold; such other information as is required in Section 5-402 of the Illinois Vehicle Code, and such other information as the Department may reasonably require.

The transaction reporting return in the case of watercraft or aircraft must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 1 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory

evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale, a sufficient identification of the property sold, and such other information as the Department may reasonably require.

Such transaction reporting return shall be filed not later than 20 days after the day of delivery of the item that is being sold, but may be filed by the retailer at any time sooner than that if he chooses to do so. The transaction reporting return and tax remittance or proof of exemption from the Illinois use tax may be transmitted to the Department by way of the State agency with which, or State officer with whom the tangible personal property must be titled or registered (if titling or registration is required) if the Department and such agency or State officer determine that this procedure will expedite the processing of applications for title or registration.

With each such transaction reporting return, the retailer shall remit the proper amount of tax due (or shall submit satisfactory evidence that the sale is not taxable if that is the case), to the Department or its agents, whereupon the Department shall issue, in the purchaser's name, a use tax receipt (or a certificate of exemption if the Department is satisfied that the particular sale is tax exempt) which such purchaser may submit to the agency with which, or State officer with whom, he must title or register the tangible

personal property that is involved (if titling or registration is required) in support of such purchaser's application for an Illinois certificate or other evidence of title or registration to such tangible personal property.

No retailer's failure or refusal to remit tax under this Act precludes a user, who has paid the proper tax to the retailer, from obtaining his certificate of title or other evidence of title or registration (if titling or registration is required) upon satisfying the Department that such user has paid the proper tax (if tax is due) to the retailer. The Department shall adopt appropriate rules to carry out the mandate of this paragraph.

If the user who would otherwise pay tax to the retailer wants the transaction reporting return filed and the payment of the tax or proof of exemption made to the Department before the retailer is willing to take these actions and such user has not paid the tax to the retailer, such user may certify to the fact of such delay by the retailer and may (upon the Department being satisfied of the truth of such certification) transmit the information required by the transaction reporting return and the remittance for tax or proof of exemption directly to the Department and obtain his tax receipt or exemption determination, in which event the transaction reporting return and tax remittance (if a tax payment was required) shall be credited by the Department to the proper retailer's account with the Department, but without the vendor's discount

provided for in this Section being allowed. When the user pays the tax directly to the Department, he shall pay the tax in the same amount and in the same form in which it would be remitted if the tax had been remitted to the Department by the retailer.

On and after January 1, 2025, with respect to the lease of trailers, other than semitrailers as defined in Section 1-187 of the Illinois Vehicle Code, that are required to be registered with an agency of this State and that are subject to the tax on lease receipts under this Act, notwithstanding any other provision of this Act to the contrary, for the purpose of reporting and paying tax under this Act on those lease receipts, lessors shall file returns in addition to and separate from the transaction reporting return. Lessors shall file those lease returns and make payment to the Department by electronic means on or before the 20th day of each month following the month, quarter, or year, as applicable, in which lease receipts were received. All lease receipts received by the lessor from the lease of those trailers during the same reporting period shall be reported and tax shall be paid on a single return form to be prescribed by the Department.

Refunds made by the seller during the preceding return period to purchasers, on account of tangible personal property returned to the seller, shall be allowed as a deduction under subdivision 5 of his monthly or quarterly return, as the case may be, in case the seller had theretofore included the receipts from the sale of such tangible personal property in a

return filed by him and had paid the tax imposed by this Act with respect to such receipts.

Where the seller is a corporation, the return filed on behalf of such corporation shall be signed by the president, vice-president, secretary, or treasurer or by the properly accredited agent of such corporation.

Where the seller is a limited liability company, the return filed on behalf of the limited liability company shall be signed by a manager, member, or properly accredited agent of the limited liability company.

Except as provided in this Section, the retailer filing the return under this Section shall, at the time of filing such return, pay to the Department the amount of tax imposed by this Act less a discount of 2.1% prior to January 1, 1990 and 1.75% on and after January 1, 1990, or $5 per calendar year, whichever is greater, which is allowed to reimburse the retailer for the expenses incurred in keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request. On and after January 1, 2021, a certified service provider, as defined in the Leveling the Playing Field for Illinois Retail Act, filing the return under this Section on behalf of a remote retailer shall, at the time of such return, pay to the Department the amount of tax imposed by this Act less a discount of 1.75%. A remote retailer using a certified service provider to file a return on its behalf, as provided in the Leveling the Playing Field for

Illinois Retail Act, is not eligible for the discount. Beginning with returns due on or after January 1, 2025, the vendor's discount allowed in this Section, the Service Occupation Tax Act, the Use Tax Act, and the Service Use Tax Act, including any local tax administered by the Department and reported on the same return, shall not exceed $1,000 per month in the aggregate for returns other than transaction returns filed during the month. When determining the discount allowed under this Section, retailers shall include the amount of tax that would have been due at the 1% rate but for the 0% rate imposed under Public Act 102-700. When determining the discount allowed under this Section, retailers shall include the amount of tax that would have been due at the 6.25% rate but for the 1.25% rate imposed on sales tax holiday items under Public Act 102-700. The discount under this Section is not allowed for the 1.25% portion of taxes paid on aviation fuel that is subject to the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133. Any prepayment made pursuant to Section 2d of this Act shall be included in the amount on which such discount is computed. In the case of retailers who report and pay the tax on a transaction by transaction basis, as provided in this Section, such discount shall be taken with each such tax remittance instead of when such retailer files his periodic return, but, beginning with returns due on or after January 1, 2025, the vendor's discount allowed under this Section and the Use Tax Act, including any local tax

administered by the Department and reported on the same transaction return, shall not exceed $1,000 per month for all transaction returns filed during the month. The discount allowed under this Section is allowed only for returns that are filed in the manner required by this Act. The Department may disallow the discount for retailers whose certificate of registration is revoked at the time the return is filed, but only if the Department's decision to revoke the certificate of registration has become final.

Before October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act, excluding any liability for prepaid sales tax to be remitted in accordance with Section 2d of this Act, was $10,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the 20th day of the month next following the month during which such tax liability is incurred and shall make payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. On and after October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act, excluding any liability for prepaid sales tax to be remitted in accordance with Section 2d of this Act, was $20,000 or more during the preceding 4 complete calendar

quarters, he shall file a return with the Department each month by the 20th day of the month next following the month during which such tax liability is incurred and shall make payment to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. If the month during which such tax liability is incurred began prior to January 1, 1985, each payment shall be in an amount equal to 1/4 of the taxpayer's actual liability for the month or an amount set by the Department not to exceed 1/4 of the average monthly liability of the taxpayer to the Department for the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability in such 4 quarter period). If the month during which such tax liability is incurred begins on or after January 1, 1985 and prior to January 1, 1987, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 27.5% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1987 and prior to January 1, 1988, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 26.25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1988, and prior to January 1, 1989, or begins on or after January 1, 1996, each payment shall be in an amount equal

to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1989, and prior to January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year or 100% of the taxpayer's actual liability for the quarter monthly reporting period. The amount of such quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month. Before October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department by taxpayers having an average monthly tax liability of $10,000 or more as determined in the manner provided above shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $9,000, or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $10,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $10,000

threshold stated above, then such taxpayer may petition the Department for a change in such taxpayer's reporting status. On and after October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department by taxpayers having an average monthly tax liability of $20,000 or more as determined in the manner provided above shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $19,000 or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $20,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $20,000 threshold stated above, then such taxpayer may petition the Department for a change in such taxpayer's reporting status. The Department shall change such taxpayer's reporting status unless it finds that such change is seasonal in nature and not likely to be long term. Quarter monthly payment status shall be determined under this paragraph as if the rate reduction to 0% in Public Act 102-700 on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult

use cannabis, soft drinks, and food that has been prepared for immediate consumption) had not occurred. For quarter monthly payments due under this paragraph on or after July 1, 2023 and through June 30, 2024, "25% of the taxpayer's liability for the same calendar month of the preceding year" shall be determined as if the rate reduction to 0% in Public Act 102-700 had not occurred. Quarter monthly payment status shall be determined under this paragraph as if the rate reduction to 1.25% in Public Act 102-700 on sales tax holiday items had not occurred. For quarter monthly payments due on or after July 1, 2023 and through June 30, 2024, "25% of the taxpayer's liability for the same calendar month of the preceding year" shall be determined as if the rate reduction to 1.25% in Public Act 102-700 on sales tax holiday items had not occurred. If any such quarter monthly payment is not paid at the time or in the amount required by this Section, then the taxpayer shall be liable for penalties and interest on the difference between the minimum amount due as a payment and the amount of such quarter monthly payment actually and timely paid, except insofar as the taxpayer has previously made payments for that month to the Department in excess of the minimum payments previously due as provided in this Section. The Department shall make reasonable rules and regulations to govern the quarter monthly payment amount and quarter monthly payment dates for taxpayers who file on other than a calendar monthly basis.

The provisions of this paragraph apply before October 1, 2001. Without regard to whether a taxpayer is required to make quarter monthly payments as specified above, any taxpayer who is required by Section 2d of this Act to collect and remit prepaid taxes and has collected prepaid taxes which average in excess of $25,000 per month during the preceding 2 complete calendar quarters, shall file a return with the Department as required by Section 2f and shall make payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. If the month during which such tax liability is incurred began prior to September 1, 1985 (the effective date of Public Act 84-221), each payment shall be in an amount not less than 22.5% of the taxpayer's actual liability under Section 2d. If the month during which such tax liability is incurred begins on or after January 1, 1986, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 27.5% of the taxpayer's liability for the same calendar month of the preceding calendar year. If the month during which such tax liability is incurred begins on or after January 1, 1987, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 26.25% of the taxpayer's liability for the same calendar month of the preceding year. The amount of such quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month filed under this Section or

Section 2f, as the case may be. Once applicable, the requirement of the making of quarter monthly payments to the Department pursuant to this paragraph shall continue until such taxpayer's average monthly prepaid tax collections during the preceding 2 complete calendar quarters is $25,000 or less. If any such quarter monthly payment is not paid at the time or in the amount required, the taxpayer shall be liable for penalties and interest on such difference, except insofar as the taxpayer has previously made payments for that month in excess of the minimum payments previously due.

The provisions of this paragraph apply on and after October 1, 2001. Without regard to whether a taxpayer is required to make quarter monthly payments as specified above, any taxpayer who is required by Section 2d of this Act to collect and remit prepaid taxes and has collected prepaid taxes that average in excess of $20,000 per month during the preceding 4 complete calendar quarters shall file a return with the Department as required by Section 2f and shall make payments to the Department on or before the 7th, 15th, 22nd, and last day of the month during which the liability is incurred. Each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year. The amount of the quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month filed under this Section or

Section 2f, as the case may be. Once applicable, the requirement of the making of quarter monthly payments to the Department pursuant to this paragraph shall continue until the taxpayer's average monthly prepaid tax collections during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $19,000 or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarters is less than $20,000. If any such quarter monthly payment is not paid at the time or in the amount required, the taxpayer shall be liable for penalties and interest on such difference, except insofar as the taxpayer has previously made payments for that month in excess of the minimum payments previously due.

If any payment provided for in this Section exceeds the taxpayer's liabilities under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act, as shown on an original monthly return, the Department shall, if requested by the taxpayer, issue to the taxpayer a credit memorandum no later than 30 days after the date of payment. The credit evidenced by such credit memorandum may be assigned by the taxpayer to a similar taxpayer under this Act, the Use Tax Act, the Service Occupation Tax Act, or the Service Use Tax Act, in accordance with reasonable rules and regulations to be prescribed by the Department. If no such request is made, the taxpayer may credit such excess payment against tax liability

subsequently to be remitted to the Department under this Act, the Use Tax Act, the Service Occupation Tax Act, or the Service Use Tax Act, in accordance with reasonable rules and regulations prescribed by the Department. If the Department subsequently determined that all or any part of the credit taken was not actually due to the taxpayer, the taxpayer's vendor's discount shall be reduced, if necessary, to reflect the difference between the credit taken and that actually due, and that taxpayer shall be liable for penalties and interest on such difference.

If a retailer of motor fuel is entitled to a credit under Section 2d of this Act which exceeds the taxpayer's liability to the Department under this Act for the month for which the taxpayer is filing a return, the Department shall issue the taxpayer a credit memorandum for the excess.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund, a special fund in the State treasury which is hereby created, the net revenue realized for the preceding month from the 1% tax imposed under this Act.

Beginning January 1, 1990, each month the Department shall pay into the County and Mass Transit District Fund, a special fund in the State treasury which is hereby created, 4% of the net revenue realized for the preceding month from the 6.25% general rate other than aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only

applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the County and Mass Transit District Fund 20% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol. If, in any month, the tax on sales tax holiday items, as defined in Section 2-8, is imposed at the rate of 1.25%, then the Department shall pay 20% of the net revenue realized for that month from the 1.25% rate on the selling price of sales tax holiday items into the County and Mass Transit District Fund.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund 16% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property other than aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

For aviation fuel sold on or after December 1, 2019, each month the Department shall pay into the State Aviation Program Fund 20% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of aviation fuel, less an amount estimated by the Department to be required for refunds of the 20% portion of the tax on aviation fuel under this Act, which amount shall be deposited into the

Aviation Fuel Sales Tax Refund Fund. The Department shall only pay moneys into the State Aviation Program Fund and the Aviation Fuel Sales Tax Refund Fund under this Act for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the Local Government Tax Fund 80% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol. If, in any month, the tax on sales tax holiday items, as defined in Section 2-8, is imposed at the rate of 1.25%, then the Department shall pay 80% of the net revenue realized for that month from the 1.25% rate on the selling price of sales tax holiday items into the Local Government Tax Fund.

Beginning October 1, 2009, each month the Department shall pay into the Capital Projects Fund an amount that is equal to an amount estimated by the Department to represent 80% of the net revenue realized for the preceding month from the sale of candy, grooming and hygiene products, and soft drinks that had been taxed at a rate of 1% prior to September 1, 2009 but that are now taxed at 6.25%.

Beginning July 1, 2011, each month the Department shall pay into the Clean Air Act Permit Fund 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of sorbents used in Illinois in the process of sorbent injection as used to comply with the

Environmental Protection Act or the federal Clean Air Act, but the total payment into the Clean Air Act Permit Fund under this Act and the Use Tax Act shall not exceed $2,000,000 in any fiscal year.

Beginning July 1, 2013, each month the Department shall pay into the Underground Storage Tank Fund from the proceeds collected under this Act, the Use Tax Act, the Service Use Tax Act, and the Service Occupation Tax Act an amount equal to the average monthly deficit in the Underground Storage Tank Fund during the prior year, as certified annually by the Illinois Environmental Protection Agency, but the total payment into the Underground Storage Tank Fund under this Act, the Use Tax Act, the Service Use Tax Act, and the Service Occupation Tax Act shall not exceed $18,000,000 in any State fiscal year. As used in this paragraph, the "average monthly deficit" shall be equal to the difference between the average monthly claims for payment by the fund and the average monthly revenues deposited into the fund, excluding payments made pursuant to this paragraph.

Beginning July 1, 2015, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, each month the Department shall deposit $500,000 into the State Crime Laboratory Fund.

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the

Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%, as the case may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to this Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as hereinafter defined), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; the "Annual Specified Amount" means the amounts specified below for fiscal years 1986 through 1993:

Fiscal Year	Annual Specified Amount
1986	$54,800,000
1987	$76,650,000
1988	$80,480,000
1989	$88,510,000
1990	$115,330,000
1991	$145,470,000
1992	$182,730,000

1993 $206,520,000;

and means the Certified Annual Debt Service Requirement (as defined in Section 13 of the Build Illinois Bond Act) or the Tax Act Amount, whichever is greater, for fiscal year 1994 and each fiscal year thereafter; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund during such month and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year. The amounts payable into the Build Illinois Fund under clause (b) of the first sentence in this paragraph shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing Bonds issued and outstanding pursuant to the Build Illinois Bond Act is sufficient, taking into account any future investment income, to fully provide, in accordance with such indenture, for the defeasance of or the payment of the principal of, premium, if

any, and interest on the Bonds secured by such indenture and on any Bonds expected to be issued thereafter and all fees and costs payable with respect thereto, all as certified by the Director of the Bureau of the Budget (now Governor's Office of Management and Budget). If on the last business day of any month in which Bonds are outstanding pursuant to the Build Illinois Bond Act, the aggregate of moneys deposited in the Build Illinois Bond Account in the Build Illinois Fund in such month shall be less than the amount required to be transferred in such month from the Build Illinois Bond Account to the Build Illinois Bond Retirement and Interest Fund pursuant to Section 13 of the Build Illinois Bond Act, an amount equal to such deficiency shall be immediately paid from other moneys received by the Department pursuant to the Tax Acts to the Build Illinois Fund; provided, however, that any amounts paid to the Build Illinois Fund in any fiscal year pursuant to this sentence shall be deemed to constitute payments pursuant to clause (b) of the first sentence of this paragraph and shall reduce the amount otherwise payable for such fiscal year pursuant to that clause (b). The moneys received by the Department pursuant to this Act and required to be deposited into the Build Illinois Fund are subject to the pledge, claim and charge set forth in Section 12 of the Build Illinois Bond Act.

Subject to payment of amounts into the Build Illinois Fund as provided in the preceding paragraph or in any amendment

thereto hereafter enacted, the following specified monthly installment of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority provided under Section 8.25f of the State Finance Act, but not in excess of sums designated as "Total Deposit", shall be deposited in the aggregate from collections under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act into the McCormick Place Expansion Project Fund in the specified fiscal years.

Fiscal Year	Total Deposit
1993	$0
1994	53,000,000
1995	58,000,000
1996	61,000,000
1997	64,000,000
1998	68,000,000
1999	71,000,000
2000	75,000,000
2001	80,000,000
2002	93,000,000
2003	99,000,000
2004	103,000,000
2005	108,000,000
2006	113,000,000
2007	119,000,000

1	2008	126,000,000
2	2009	132,000,000
3	2010	139,000,000
4	2011	146,000,000
5	2012	153,000,000
6	2013	161,000,000
7	2014	170,000,000
8	2015	179,000,000
9	2016	189,000,000
10	2017	199,000,000
11	2018	210,000,000
12	2019	221,000,000
13	2020	233,000,000
14	2021	300,000,000
15	2022	300,000,000
16	2023	300,000,000
17	2024	300,000,000
18	2025	300,000,000
19	2026	300,000,000
20	2027	375,000,000
21	2028	375,000,000
22	2029	375,000,000
23	2030	375,000,000
24	2031	375,000,000
25	2032	375,000,000
26	2033	375,000,000

2034	375,000,000
2035	375,000,000
2036	450,000,000
and	
each fiscal year thereafter that bonds are outstanding under Section 13.2 of the Metropolitan Pier and Exposition Authority Act, but not after fiscal year 2060.	

Beginning July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority for that fiscal year, less the amount deposited into the McCormick Place Expansion Project Fund by the State Treasurer in the respective month under subsection (g) of Section 13 of the Metropolitan Pier and Exposition Authority Act, plus cumulative deficiencies in the deposits required under this Section for previous months and years, shall be deposited into the McCormick Place Expansion Project Fund, until the full amount requested for the fiscal year, but not in excess of the amount specified above as "Total Deposit", has been deposited.

Subject to payment of amounts into the Capital Projects Fund, the Clean Air Act Permit Fund, the Build Illinois Fund,

and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, for aviation fuel sold on or after December 1, 2019, the Department shall each month deposit into the Aviation Fuel Sales Tax Refund Fund an amount estimated by the Department to be required for refunds of the 80% portion of the tax on aviation fuel under this Act. The Department shall only deposit moneys into the Aviation Fuel Sales Tax Refund Fund under this paragraph for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Subject to payment of amounts into the Build Illinois Fund and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, beginning July 1, 1993 and ending on September 30, 2013, the Department shall each month pay into the Illinois Tax Increment Fund 0.27% of 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property.

Subject to payment of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, and the Illinois Tax Increment Fund pursuant to the preceding paragraphs or in any amendments to this Section hereafter enacted, beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098), each month, from the collections made

under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act, the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue, an amount equal to 1/12 of 5% of 80% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and associated local occupation and use taxes administered by the Department.

Subject to payments of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, the Energy Infrastructure Fund, and the Tax Compliance and Administration Fund as provided in this Section, beginning on July 1, 2018 the Department shall pay each month into the Downstate Public Transportation Fund the moneys required to be so paid under Section 2-3 of the Downstate Public Transportation Act.

Subject to successful execution and delivery of a public-private agreement between the public agency and private entity and completion of the civic build, beginning on July 1, 2023, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, the Department shall

deposit the following specified deposits in the aggregate from collections under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, as required under Section 8.25g of the State Finance Act for distribution consistent with the Public-Private Partnership for Civic and Transit Infrastructure Project Act. The moneys received by the Department pursuant to this Act and required to be deposited into the Civic and Transit Infrastructure Fund are subject to the pledge, claim and charge set forth in Section 25-55 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act. As used in this paragraph, "civic build", "private entity", "public-private agreement", and "public agency" have the meanings provided in Section 25-10 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act.

Fiscal Year	Total Deposit
2024	$200,000,000
2025	$206,000,000
2026	$212,200,000
2027	$218,500,000
2028	$225,100,000
2029	$288,700,000
2030	$298,900,000
2031	$309,300,000
2032	$320,100,000
2033	$331,200,000

2034 ..... $341,200,000
2035 ..... $351,400,000
2036 ..... $361,900,000
2037 ..... $372,800,000
2038 ..... $384,000,000
2039 ..... $395,500,000
2040 ..... $407,400,000
2041 ..... $419,600,000
2042 ..... $432,200,000
2043 ..... $445,100,000

Beginning July 1, 2021 and until July 1, 2022, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 16% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2022 and until July 1, 2023, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 32% of the net

revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2023 and until July 1, 2024, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 48% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2024 and until July 1, 2026 ~~July 1, 2025~~, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 64% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning on July 1, 2026 ~~July 1, 2025~~, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 80% of the net revenue realized from

the taxes imposed on motor fuel and gasohol. As used in this paragraph "motor fuel" has the meaning given to that term in Section 1.1 of the Motor Fuel Tax Law, and "gasohol" has the meaning given to that term in Section 3-40 of the Use Tax Act.

Of the remainder of the moneys received by the Department pursuant to this Act, 75% thereof shall be paid into the State treasury and 25% shall be reserved in a special account and used only for the transfer to the Common School Fund as part of the monthly transfer from the General Revenue Fund in accordance with Section 8a of the State Finance Act.

The Department may, upon separate written notice to a taxpayer, require the taxpayer to prepare and file with the Department on a form prescribed by the Department within not less than 60 days after receipt of the notice an annual information return for the tax year specified in the notice. Such annual return to the Department shall include a statement of gross receipts as shown by the retailer's last federal income tax return. If the total receipts of the business as reported in the federal income tax return do not agree with the gross receipts reported to the Department of Revenue for the same period, the retailer shall attach to his annual return a schedule showing a reconciliation of the 2 amounts and the reasons for the difference. The retailer's annual return to the Department shall also disclose the cost of goods sold by the retailer during the year covered by such return, opening and closing inventories of such goods for such year, costs of

goods used from stock or taken from stock and given away by the retailer during such year, payroll information of the retailer's business during such year and any additional reasonable information which the Department deems would be helpful in determining the accuracy of the monthly, quarterly, or annual returns filed by such retailer as provided for in this Section.

If the annual information return required by this Section is not filed when and as required, the taxpayer shall be liable as follows:

(i) Until January 1, 1994, the taxpayer shall be liable for a penalty equal to 1/6 of 1% of the tax due from such taxpayer under this Act during the period to be covered by the annual return for each month or fraction of a month until such return is filed as required, the penalty to be assessed and collected in the same manner as any other penalty provided for in this Act.

(ii) On and after January 1, 1994, the taxpayer shall be liable for a penalty as described in Section 3-4 of the Uniform Penalty and Interest Act.

The chief executive officer, proprietor, owner, or highest ranking manager shall sign the annual return to certify the accuracy of the information contained therein. Any person who willfully signs the annual return containing false or inaccurate information shall be guilty of perjury and punished accordingly. The annual return form prescribed by the

Department shall include a warning that the person signing the return may be liable for perjury.

The provisions of this Section concerning the filing of an annual information return do not apply to a retailer who is not required to file an income tax return with the United States Government.

As soon as possible after the first day of each month, upon certification of the Department of Revenue, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the Motor Fuel Tax Fund an amount equal to 1.7% of 80% of the net revenue realized under this Act for the second preceding month. Beginning April 1, 2000, this transfer is no longer required and shall not be made.

Net revenue realized for a month shall be the revenue collected by the State pursuant to this Act, less the amount paid out during that month as refunds to taxpayers for overpayment of liability.

For greater simplicity of administration, manufacturers, importers and wholesalers whose products are sold at retail in Illinois by numerous retailers, and who wish to do so, may assume the responsibility for accounting and paying to the Department all tax accruing under this Act with respect to such sales, if the retailers who are affected do not make written objection to the Department to this arrangement.

Any person who promotes, organizes, or provides retail selling space for concessionaires or other types of sellers at

the Illinois State Fair, DuQuoin State Fair, county fairs, local fairs, art shows, flea markets, and similar exhibitions or events, including any transient merchant as defined by Section 2 of the Transient Merchant Act of 1987, is required to file a report with the Department providing the name of the merchant's business, the name of the person or persons engaged in merchant's business, the permanent address and Illinois Retailers Occupation Tax Registration Number of the merchant, the dates and location of the event, and other reasonable information that the Department may require. The report must be filed not later than the 20th day of the month next following the month during which the event with retail sales was held. Any person who fails to file a report required by this Section commits a business offense and is subject to a fine not to exceed $250.

Any person engaged in the business of selling tangible personal property at retail as a concessionaire or other type of seller at the Illinois State Fair, county fairs, art shows, flea markets, and similar exhibitions or events, or any transient merchants, as defined by Section 2 of the Transient Merchant Act of 1987, may be required to make a daily report of the amount of such sales to the Department and to make a daily payment of the full amount of tax due. The Department shall impose this requirement when it finds that there is a significant risk of loss of revenue to the State at such an exhibition or event. Such a finding shall be based on evidence

that a substantial number of concessionaires or other sellers who are not residents of Illinois will be engaging in the business of selling tangible personal property at retail at the exhibition or event, or other evidence of a significant risk of loss of revenue to the State. The Department shall notify concessionaires and other sellers affected by the imposition of this requirement. In the absence of notification by the Department, the concessionaires and other sellers shall file their returns as otherwise required in this Section.

(Source: P.A. 102-634, eff. 8-27-21; 102-700, Article 60, Section 60-30, eff. 4-19-22; 102-700, Article 65, Section 65-10, eff. 4-19-22; 102-813, eff. 5-13-22; 102-1019, eff. 1-1-23; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23; 103-363, eff. 7-28-23; 103-592, Article 75, Section 75-20, eff. 1-1-25; 103-592, Article 110, Section 110-20, eff. 6-7-24; 103-605, eff. 7-1-24; 103-1055, eff. 12-20-24.)

Section 5-30. The Sports Wagering Act is amended by changing Section 25-90 as follows:

(230 ILCS 45/25-90)

Sec. 25-90. Tax; Sports Wagering Fund.

(a) For the privilege of holding a license to operate sports wagering under this Act until June 30, 2024, this State shall impose and collect 15% of a master sports wagering licensee's adjusted gross sports wagering receipts from sports

wagering. The accrual method of accounting shall be used for purposes of calculating the amount of the tax owed by the licensee.

The taxes levied and collected pursuant to this subsection (a) are due and payable to the Board no later than the last day of the month following the calendar month in which the adjusted gross sports wagering receipts were received and the tax obligation was accrued.

(a-5) In addition to the tax imposed under subsection (a), (d), ~~or~~ (d-5)<u>, or (d-7)</u> of this Section, for the privilege of holding a license to operate sports wagering under this Act, the State shall impose and collect 2% of the adjusted gross receipts from sports wagers that are placed within a home rule county with a population of over 3,000,000 inhabitants, which shall be paid, subject to appropriation from the General Assembly, from the Sports Wagering Fund to that home rule county for the purpose of enhancing the county's criminal justice system.

(b) The Sports Wagering Fund is hereby created as a special fund in the State treasury. Except as otherwise provided in this Act, all moneys collected under this Act by the Board shall be deposited into the Sports Wagering Fund. Through August 25, 2024, on the 25th of each month, any moneys remaining in the Sports Wagering Fund in excess of the anticipated monthly expenditures from the Fund through the next month, as certified by the Board to the State

Comptroller, shall be transferred by the State Comptroller and the State Treasurer to the Capital Projects Fund. Beginning September 25, 2024, on the 25th of each month, of the moneys remaining in the Sports Wagering Fund in excess of the anticipated monthly expenditures from the Fund through the next month, as certified by the Board to the State Comptroller, the State Comptroller shall direct and the State Treasurer shall transfer 58% to the General Revenue Fund and 42% to the Capital Projects Fund.

(c) Beginning with July 2021, and on a monthly basis thereafter, the Board shall certify to the State Comptroller the amount of license fees collected in the month for initial licenses issued under this Act, except for occupational licenses. As soon after certification as practicable, the State Comptroller shall direct and the State Treasurer shall transfer the certified amount from the Sports Wagering Fund to the Rebuild Illinois Projects Fund.

(d) Beginning on July 1, 2024, and for each 12-month period thereafter, for the privilege of holding a license to operate sports wagering under this Act, this State shall impose a privilege tax on the master sports licensee's adjusted gross sports wagering receipts from sports wagering over the Internet or through a mobile application based on the following rates:

20% of annual adjusted gross sports wagering receipts up to and including $30,000,000.

25% of annual adjusted gross sports wagering receipts in excess of $30,000,000 but not exceeding $50,000,000.

30% of annual adjusted gross sports wagering receipts in excess of $50,000,000 but not exceeding $100,000,000.

35% of annual adjusted gross sports wagering receipts in excess of $100,000,000 but not exceeding $200,000,000.

40% of annual adjusted gross sports wagering receipts in excess of $200,000,000.

(d-5) Beginning on July 1, 2024, and for each 12-month period thereafter, for the privilege of holding a license to operate sports wagering under this Act, this State shall impose a privilege tax on the master sports licensee's adjusted gross sports wagering receipts from sports wagering from other than over the Internet or through a mobile application based on the following rates:

20% of annual adjusted gross sports wagering receipts up to and including $30,000,000.

25% of annual adjusted gross sports wagering receipts in excess of $30,000,000 but not exceeding $50,000,000.

30% of annual adjusted gross sports wagering receipts in excess of $50,000,000 but not exceeding $100,000,000.

35% of annual adjusted gross sports wagering receipts in excess of $100,000,000 but not exceeding $200,000,000.

40% of annual adjusted gross sports wagering receipts in excess of $200,000,000.

(d-7) Beginning on July 1, 2025, and each month

thereafter, for the privilege of holding a license to operate sports wagering under this Act, this State shall impose a wager tax on each master sports licensee for each individual wager placed with the master sports licensee for sports wagering over the Internet or through a mobile application. The tax shall be based on the following schedule and shall be in addition to any other taxes or fees imposed under this Act:

The tax shall be $0.25 per wager for the first 20,000,000 annual combined Tier 1 and Tier 2 wagers.

The tax shall be $0.50 per wager for each wager in excess of 20,000,000 annual combined Tier 1 and Tier 2 wagers.

The tax levied under this subsection shall be deposited monthly into the Sports Wagering Fund. The Board shall certify all amounts deposited into the Sports Wagering Fund under this subsection to the State Comptroller. The State Comptroller shall direct and the State Treasurer shall transfer that certified amount from the Sports Wagering Fund to the General Revenue Fund.

As used in this subsection, "annual combined Tier 1 and Tier 2 wagers" means the total number of individual wagers placed with the licensee, regardless of outcome or payout in a given fiscal year.

(d-10) The accrual method of accounting shall be used for purposes of calculating the amount of the tax owed by the licensee.

(d-15) The taxes levied and collected pursuant to

subsections (d) ~~and~~ (d-5)<u>, and (d-7)</u> are due and payable to the Board no later than the last day of the month following the calendar month in which the adjusted gross sports wagering receipts were received and the tax obligation was accrued.

(e) Annually, a master sports wagering licensee shall transmit to the Board an audit of the financial transactions and condition of the licensee's total operations. Additionally, within 90 days after the end of each quarter of each fiscal year, the master sports wagering licensee shall transmit to the Board a compliance report on engagement procedures determined by the Board. All audits and compliance engagements shall be conducted by certified public accountants selected by the Board. Each certified public accountant must be registered in the State of Illinois under the Illinois Public Accounting Act. The compensation for each certified public accountant shall be paid directly by the master sports wagering licensee to the certified public accountant.

(Source: P.A. 102-16, eff. 6-17-21; 102-687, eff. 12-17-21; 103-592, eff. 6-7-24.)

Section 5-35. The Environmental Protection Act is amended by changing Section 42 as follows:

(415 ILCS 5/42) (from Ch. 111 1/2, par. 1042)

Sec. 42. Civil penalties.

(a) Except as provided in this Section, any person that

violates any provision of this Act or any regulation adopted by the Board, or any permit or term or condition thereof, or that violates any order of the Board pursuant to this Act, shall be liable for a civil penalty ~~of~~ not to exceed $100,000 ~~$50,000~~ for the violation and an additional civil penalty ~~of~~ not to exceed $25,000 ~~$10,000~~ for each day during which the violation continues; such penalties may, upon order of the Board or a court of competent jurisdiction, be made payable to the Environmental Protection Trust Fund, to be used in accordance with the provisions of the Environmental Protection Trust Fund Act. The maximum penalties set forth in this subsection shall be increased as provided for in subsection (l).

(b) Notwithstanding the provisions of subsection (a) of this Section:

(1) Any person that violates Section 12(f) of this Act or any NPDES permit or term or condition thereof, or any filing requirement, regulation or order relating to the NPDES permit program, shall be liable to a civil penalty of not to exceed $25,000 ~~$10,000~~ per day of violation. The maximum penalties set forth in this paragraph shall be increased as provided for in subsection (l).

(2) Any person that violates Section 12(g) of this Act or any UIC permit or term or condition thereof, or any filing requirement, regulation or order relating to the State UIC program for all wells, except Class II wells as

defined by the Board under this Act, shall be liable to a civil penalty not to exceed $5,000 ~~$2,500~~ per day of violation; provided, however, that any person who commits such violations relating to the State UIC program for Class II wells, as defined by the Board under this Act, shall be liable to a civil penalty of not to exceed $25,000 ~~$10,000~~ for the violation and an additional civil penalty of not to exceed $2,000 ~~$1,000~~ for each day during which the violation continues. The maximum penalties set forth in this paragraph shall be increased as provided for in subsection (l).

(3) Any person that violates Sections 21(f), 21(g), 21(h) or 21(i) of this Act, or any RCRA permit or term or condition thereof, or any filing requirement, regulation or order relating to the State RCRA program, shall be liable to a civil penalty of not to exceed $50,000 ~~$25,000~~ per day of violation. The maximum penalties set forth in this paragraph shall be increased as provided for in subsection (l).

(4) In an administrative citation action under Section 31.1 of this Act, any person found to have violated any provision of subsection (o) of Section 21 of this Act shall pay a civil penalty of $500 for each violation of each such provision, plus any hearing costs incurred by the Board and the Agency. Such penalties shall be made payable to the Environmental Protection Trust Fund, to be

used in accordance with the provisions of the Environmental Protection Trust Fund Act; except that if a unit of local government issued the administrative citation, 50% of the civil penalty shall be payable to the unit of local government.

(4-5) In an administrative citation action under Section 31.1 of this Act, any person found to have violated any provision of subsection (p) of Section 21, Section 22.38, Section 22.51, Section 22.51a, or subsection (k) of Section 55 of this Act shall pay a civil penalty of $1,500 for each violation of each such provision, plus any hearing costs incurred by the Board and the Agency, except that the civil penalty amount shall be $3,000 for each violation of any provision of subsection (p) of Section 21, Section 22.38, Section 22.51, Section 22.51a, or subsection (k) of Section 55 that is the person's second or subsequent adjudication violation of that provision. The penalties shall be deposited into the Environmental Protection Trust Fund, to be used in accordance with the provisions of the Environmental Protection Trust Fund Act; except that if a unit of local government issued the administrative citation, 50% of the civil penalty shall be payable to the unit of local government.

(5) Any person who violates subsection 6 of Section 39.5 of this Act or any CAAPP permit, or term or condition

thereof, or any fee or filing requirement, or any duty to allow or carry out inspection, entry or monitoring activities, or any regulation or order relating to the CAAPP shall be liable for a civil penalty not to exceed $25,000 ~~$10,000~~ per day of violation. The maximum penalties set forth in this paragraph shall be increased as provided for in subsection (l).

(6) Any owner or operator of a community water system that violates subsection (b) of Section 18.1 or subsection (a) of Section 25d-3 of this Act shall, for each day of violation, be liable for a civil penalty not to exceed $10 ~~$5~~ for each of the premises connected to the affected community water system.

(7) Any person who violates Section 52.5 of this Act shall be liable for a civil penalty of up to $2,500 ~~$1,000~~ for the first violation of that Section and a civil penalty of up to $5,000 ~~$2,500~~ for a second or subsequent violation of that Section.

(b.5) In lieu of the penalties set forth in subsections (a) and (b) of this Section, any person who fails to file, in a timely manner, toxic chemical release forms with the Agency pursuant to Section 25b-2 of this Act shall be liable for a civil penalty of $500 ~~$100~~ per day for each day the forms are late, not to exceed a maximum total penalty of $10,000 ~~$6,000~~. This daily penalty shall begin accruing on the thirty-first day after the date that the person receives the warning notice

issued by the Agency pursuant to Section 25b-6 of this Act; and the penalty shall be paid to the Agency. The daily accrual of penalties shall cease as of January 1 of the following year. All penalties collected by the Agency pursuant to this subsection shall be deposited into the Environmental Protection Permit and Inspection Fund.

(c) Any person that violates this Act, any rule or regulation adopted under this Act, any permit or term or condition of a permit, or any Board order and causes the death of fish or aquatic life shall, in addition to the other penalties provided by this Act, be liable to pay to the State an additional sum for the reasonable value of the fish or aquatic life destroyed. Any money so recovered shall be placed in the Wildlife and Fish Fund in the State Treasury.

(d) The penalties provided for in this Section may be recovered in a civil action.

(e) The State's Attorney of the county in which the violation occurred, or the Attorney General, may, at the request of the Agency or on his own motion, institute a civil action for an injunction, prohibitory or mandatory, to restrain violations of this Act, any rule or regulation adopted under this Act, any permit or term or condition of a permit, or any Board order, or to require such other actions as may be necessary to address violations of this Act, any rule or regulation adopted under this Act, any permit or term or condition of a permit, or any Board order.

(f) The State's Attorney of the county in which the violation occurred, or the Attorney General, shall bring such actions in the name of the people of the State of Illinois. Without limiting any other authority which may exist for the awarding of attorney's fees and costs, the Board or a court of competent jurisdiction may award costs and reasonable attorney's fees, including the reasonable costs of expert witnesses and consultants, to the State's Attorney or the Attorney General in a case where he has prevailed against a person who has committed a willful, knowing, or repeated violation of this Act, any rule or regulation adopted under this Act, any permit or term or condition of a permit, or any Board order.

Any funds collected under this subsection (f) in which the Attorney General has prevailed shall be deposited in the Hazardous Waste Fund created in Section 22.2 of this Act. Any funds collected under this subsection (f) in which a State's Attorney has prevailed shall be retained by the county in which he serves.

(g) All final orders imposing civil penalties pursuant to this Section shall prescribe the time for payment of such penalties. If any such penalty is not paid within the time prescribed, interest on such penalty at the rate set forth in subsection (a) of Section 1003 of the Illinois Income Tax Act, shall be paid for the period from the date payment is due until the date payment is received. However, if the time for payment

is stayed during the pendency of an appeal, interest shall not accrue during such stay.

(h) In determining the appropriate civil penalty to be imposed under subdivisions (a), (b)(1), (b)(2), (b)(3), (b)(5), (b)(6), or (b)(7) of this Section, the Board is authorized to consider any matters of record in mitigation or aggravation of penalty, including, but not limited to, the following factors:

(1) the duration and gravity of the violation;

(2) the presence or absence of due diligence on the part of the respondent in attempting to comply with requirements of this Act and regulations thereunder or to secure relief therefrom as provided by this Act;

(3) any economic benefits accrued by the respondent because of delay in compliance with requirements, in which case the economic benefits shall be determined by the lowest cost alternative for achieving compliance;

(4) the amount of monetary penalty which will serve to deter further violations by the respondent and to otherwise aid in enhancing voluntary compliance with this Act by the respondent and other persons similarly subject to the Act;

(5) the number, proximity in time, and gravity of previously adjudicated violations of this Act by the respondent;

(6) whether the respondent voluntarily self-disclosed,

in accordance with subsection (i) of this Section, the non-compliance to the Agency;

(7) whether the respondent has agreed to undertake a "supplemental environmental project", which means an environmentally beneficial project that a respondent agrees to undertake in settlement of an enforcement action brought under this Act, but which the respondent is not otherwise legally required to perform; and

(8) whether the respondent has successfully completed a Compliance Commitment Agreement under subsection (a) of Section 31 of this Act to remedy the violations that are the subject of the complaint.

In determining the appropriate civil penalty to be imposed under subsection (a) or paragraph (1), (2), (3), (5), (6), or (7) of subsection (b) of this Section, the Board shall ensure, in all cases, that the penalty is at least as great as the economic benefits, if any, accrued by the respondent as a result of the violation, unless the Board finds that imposition of such penalty would result in an arbitrary or unreasonable financial hardship. However, such civil penalty may be off-set in whole or in part pursuant to a supplemental environmental project agreed to by the complainant and the respondent.

(i) A person who voluntarily self-discloses non-compliance to the Agency, of which the Agency had been unaware, is entitled to a 100% reduction in the portion of the penalty that

is not based on the economic benefit of non-compliance if the person can establish the following:

(1) that either the regulated entity is a small entity or the non-compliance was discovered through an environmental audit or a compliance management system documented by the regulated entity as reflecting the regulated entity's due diligence in preventing, detecting, and correcting violations;

(2) that the non-compliance was disclosed in writing within 30 days of the date on which the person discovered it;

(3) that the non-compliance was discovered and disclosed prior to:

(i) the commencement of an Agency inspection, investigation, or request for information;

(ii) notice of a citizen suit;

(iii) the filing of a complaint by a citizen, the Illinois Attorney General, or the State's Attorney of the county in which the violation occurred;

(iv) the reporting of the non-compliance by an employee of the person without that person's knowledge; or

(v) imminent discovery of the non-compliance by the Agency;

(4) that the non-compliance is being corrected and any environmental harm is being remediated in a timely

fashion;

(5) that the person agrees to prevent a recurrence of the non-compliance;

(6) that no related non-compliance events have occurred in the past 3 years at the same facility or in the past 5 years as part of a pattern at multiple facilities owned or operated by the person;

(7) that the non-compliance did not result in serious actual harm or present an imminent and substantial endangerment to human health or the environment or violate the specific terms of any judicial or administrative order or consent agreement;

(8) that the person cooperates as reasonably requested by the Agency after the disclosure; and

(9) that the non-compliance was identified voluntarily and not through a monitoring, sampling, or auditing procedure that is required by statute, rule, permit, judicial or administrative order, or consent agreement.

If a person can establish all of the elements under this subsection except the element set forth in paragraph (1) of this subsection, the person is entitled to a 75% reduction in the portion of the penalty that is not based upon the economic benefit of non-compliance.

For the purposes of this subsection (i), "small entity" has the same meaning as in Section 221 of the federal Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C.

601).

(j) In addition to any other remedy or penalty that may apply, whether civil or criminal, any person who violates Section 22.52 of this Act shall be liable for an additional civil penalty of up to 3 times the gross amount of any pecuniary gain resulting from the violation.

(k) In addition to any other remedy or penalty that may apply, whether civil or criminal, any person who violates subdivision (a)(7.6) of Section 31 of this Act shall be liable for an additional civil penalty of $2,000.

(l) As used in this Section, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. On July 1, 2026 and July 1 of each year thereafter, the maximum penalties set forth in subsection (a) and paragraphs (1), (2), (3), and (5) of subsection (b) shall each be increased by an amount equal to the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the March preceding each July 1, including all previous adjustments.

(Source: P.A. 102-310, eff. 8-6-21.)

ARTICLE 10

Section 10-5. The Hotel Operators' Occupation Tax Act is amended by changing Section 2 as follows:

(35 ILCS 145/2) (from Ch. 120, par. 481b.32)

Sec. 2. Definitions. As used in this Act, unless the context otherwise requires:

(1) "Hotel" means any building or buildings in which the public may, for a consideration, obtain living quarters, sleeping or housekeeping accommodations. The term includes, but is not limited to, inns, motels, tourist homes or courts, lodging houses, rooming houses and apartment houses, retreat centers, conference centers, ~~and~~ hunting lodges, and short-term rentals. ~~For the purposes of re-renters of hotel rooms only, "hotel" does not include a short term rental.~~

(2) "Operator" means any person engaged in the business of renting, leasing, or letting rooms in a hotel.

(3) "Occupancy" means the use or possession, or the right to the use or possession, of any room or rooms in a hotel for any purpose, or the right to the use or possession of the furnishings or to the services and accommodations accompanying the use and possession of the room or rooms.

(4) "Room" or "rooms" means any living quarters, sleeping or housekeeping accommodations.

(5) "Permanent resident" means any person who occupied or has the right to occupy any room or rooms, regardless of whether or not it is the same room or rooms, in a hotel for at

least 30 consecutive days.

(6) "Rent" or "rental" means the consideration received for occupancy, valued in money, whether received in money or otherwise, including all receipts, cash, credits, and property or services of any kind or nature. "Rent" or "rental" includes any fee, charge, or commission received from a guest by a re-renter of hotel rooms specifically in connection with the re-rental of hotel rooms~~, but does not include any fee, charge, or commission received from a short-term rental by a hosting platform~~.

(7) "Department" means the Department of Revenue.

(8) "Person" means any natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, limited liability company, or a receiver, executor, trustee, guardian, or other representative appointed by order of any court.

(9) "Re-renter of hotel rooms" means a person who is not employed by the hotel operator but who, either directly or indirectly, through agreements or arrangements with third parties, collects or processes the payment of rent for a hotel room located in this State and (i) obtains the right or authority to grant control of, access to, or occupancy of a hotel room in this State to a guest of the hotel or (ii) facilitates the booking of a hotel room located in this State. A person who obtains those rights or authorities is not considered a re-renter of a hotel room if the person operates

under a shared hotel brand with the operator.

(10) "Hosting platform" or "platform" means a person who provides an online application, software, website, or system through which a short-term rental located in this State is advertised or held out to the public as available to rent for occupancy. For purposes of this definition, "short-term rental" means an owner-occupied, tenant-occupied, or non-owner-occupied dwelling, including, but not limited to, an apartment, house, cottage, or condominium, located in this State, where: (i) at least one room in the dwelling is rented to an occupant for a period of less than 30 consecutive days; and (ii) all accommodations are reserved in advance; provided, however, that a dwelling shall be considered a single room if rented as such.

(11) "Shared hotel brand" means an identifying trademark that a hotel operator is expressly licensed to operate under in accordance with the terms of a hotel franchise or management agreement.

(Source: P.A. 103-592, eff. 7-1-24; revised 10-21-24.)

Section 10-10. The Tobacco Products Tax Act of 1995 is amended by changing Sections 10-5, 10-10, 10-21, and 10-30 as follows:

(35 ILCS 143/10-5)

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

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

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

"Contraband little cigar" means:

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

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

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

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

"Correctional Industries program" means a program run by a State penal institution in which residents of the penal

institution produce tobacco products for sale to persons incarcerated in penal institutions or resident patients of a State operated mental health facility.

"Department" means the Illinois Department of Revenue.

"Distributor" means any of the following:

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

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

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

"Distributor" does not include any person, wherever resident or located, who makes, manufactures, or fabricates

tobacco products as part of a Correctional Industries program for sale to residents incarcerated in penal institutions or resident patients of a State operated mental health facility.

"Electronic cigarette" means:

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

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

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

The changes made to the definition of "electronic cigarette" by this amendatory Act of the 102nd General Assembly apply on and after June 28, 2019, but no claim for credit or refund is allowed on or after the effective date of this amendatory Act of the 102nd General Assembly for such taxes paid during the period beginning June 28, 2019 and the effective date of this amendatory Act of the 102nd General Assembly.

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

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

in part of tobacco.

"Manufacturer" means any person, wherever resident or located, who manufactures and sells tobacco products, except a person who makes, manufactures, or fabricates tobacco products as a part of a Correctional Industries program for sale to persons incarcerated in penal institutions or resident patients of a State operated mental health facility.

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

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

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

"Place of business" means and includes any place where tobacco products are sold or where tobacco products are manufactured, stored, or kept for the purpose of sale or consumption, including any vessel, vehicle, airplane, train,

or vending machine.

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

"Retailer" means any person in this State engaged in the business of selling tobacco products to consumers in this State, regardless of quantity or number of sales.

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

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

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

"Tobacco products" means any product that is made from or derived from tobacco that is intended for human consumption or is likely to be consumed, including but not limited to cigars, including little cigars; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff (including moist snuff) and ~~or~~ snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobaccos; shorts; refuse scraps, clippings, cuttings, and sweeping of tobacco; snus; shisha and tobacco for use in waterpipes; and other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise, or both for chewing and smoking or for inhalation, absorption, or ingesting by any other means; but does not include cigarettes as defined in Section 1 of the

Cigarette Tax Act or tobacco purchased for the manufacture of cigarettes by cigarette distributors and manufacturers defined in the Cigarette Tax Act and persons who make, manufacture, or fabricate cigarettes as a part of a Correctional Industries program for sale to residents incarcerated in penal institutions or resident patients of a State operated mental health facility.

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

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

"Tobacco products" does not include any product that has been approved by the United States Food and Drug Administration for sale as a tobacco or smoking cessation product, a nicotine replacement therapy product, or for other medical purposes where that product is marketed and sold solely for such approved use, including but not limited to spray or inhaler prescribed by a physician, chewing gum, skin patches, or lozenges.

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

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

(Source: P.A. 102-40, eff. 6-25-21; 103-1001, eff. 8-9-24.)

(35 ILCS 143/10-10)

Sec. 10-10. Tax imposed.

(a) Except as otherwise provided in this Section with respect to little cigars, on the first day of the third month after the month in which this Act becomes law, a tax is imposed on any person engaged in business as a distributor of tobacco products, as defined in Section 10-5, at the rate of (i) 18% of the wholesale price of tobacco products sold or otherwise disposed of to retailers or consumers located in this State

prior to July 1, 2012; ~~and~~ (ii) 36% of the wholesale price of tobacco products sold or otherwise disposed of to retailers or consumers located in this State beginning on July 1, 2012 and through June 30, 2025; except that, beginning on January 1, 2013 and through June 30, 2025, the tax on moist snuff shall be imposed at a rate of $0.30 per ounce, and a proportionate tax at the like rate on all fractional parts of an ounce, sold or otherwise disposed of to retailers or consumers located in this State; and except that, beginning July 1, 2019 and through June 30, 2025, the tax on electronic cigarettes shall be imposed at the rate of 15% of the wholesale price of electronic cigarettes sold or otherwise disposed of to retailers or consumers located in this State; and (iii) 45% of the wholesale price of tobacco products, including moist snuff and electronic cigarettes, sold or otherwise disposed of to retailers or consumers located in this State on and after July 1, 2025. The tax is in addition to all other occupation or privilege taxes imposed by the State of Illinois, by any political subdivision thereof, or by any municipal corporation. However, the tax is not imposed upon any activity in that business in interstate commerce or otherwise, to the extent to which that activity may not, under the Constitution and Statutes of the United States, be made the subject of taxation by this State, and except that, beginning July 1, 2013, the tax on little cigars shall be imposed at the same rate, and the proceeds shall be distributed in the same

manner, as the tax imposed on cigarettes under the Cigarette Tax Act. The tax is also not imposed on sales made to the United States or any entity thereof.

(b) Notwithstanding subsection (a) of this Section, stamping distributors of packages of little cigars containing 20 or 25 little cigars sold or otherwise disposed of in this State shall remit the tax by purchasing tax stamps from the Department and affixing them to packages of little cigars in the same manner as stamps are purchased and affixed to cigarettes under the Cigarette Tax Act, unless the stamping distributor sells or otherwise disposes of those packages of little cigars to another stamping distributor. Only persons meeting the definition of "stamping distributor" contained in Section 10-5 of this Act may affix stamps to packages of little cigars containing 20 or 25 little cigars. Stamping distributors may not sell or dispose of little cigars at retail to consumers or users at locations where stamping distributors affix stamps to packages of little cigars containing 20 or 25 little cigars.

(c) The impact of the tax levied by this Act is imposed upon distributors engaged in the business of selling tobacco products to retailers or consumers in this State. Whenever a stamping distributor brings or causes to be brought into this State from without this State, or purchases from without or within this State, any packages of little cigars containing 20 or 25 little cigars upon which there are no tax stamps affixed

as required by this Act, for purposes of resale or disposal in this State to a person not a stamping distributor, then such stamping distributor shall pay the tax to the Department and add the amount of the tax to the price of such packages sold by such stamping distributor. Payment of the tax shall be evidenced by a stamp or stamps affixed to each package of little cigars containing 20 or 25 little cigars.

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

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

(e) All moneys received by the Department under this Act from sales occurring prior to July 1, 2012 shall be paid into the Long-Term Care Provider Fund of the State Treasury. Of the moneys received by the Department from sales occurring on or after July 1, 2012, except for moneys received from the tax imposed on the sale of little cigars, 50% shall be paid into the Long-Term Care Provider Fund and 50% shall be paid into the Healthcare Provider Relief Fund. Beginning July 1, 2013, all moneys received by the Department under this Act from the tax imposed on little cigars shall be distributed as provided in

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

(Source: P.A. 101-31, eff. 6-28-19.)

(35 ILCS 143/10-21)

Sec. 10-21. Retailer's license. Beginning on January 1, 2016, no person may engage in business as a retailer of tobacco products in this State without first having obtained a license from the Department. Application for license shall be made to the Department, by electronic means, in a form prescribed by the Department. Each applicant for a license under this Section shall furnish to the Department, in an electronic format established by the Department, the following information:

(1) the name and address of the applicant;

(2) the address of the location at which the applicant proposes to engage in business as a retailer of tobacco products in this State;

(3) such other additional information as the Department may lawfully require by its rules and regulations.

The annual license fee payable to the Department for each retailer's license shall be $150 ~~$75~~. The fee will be deposited into the Tax Compliance and Administration Fund and shall be used for the cost of tobacco retail inspection and contraband tobacco and tobacco smuggling with at least two-thirds of the money being used for contraband tobacco and tobacco smuggling operations and enforcement.

Each applicant for license shall pay such fee to the Department at the time of submitting its application for license to the Department. The Department shall require an applicant for a license under this Section to electronically file and pay the fee.

A separate annual license fee shall be paid for each place of business at which a person who is required to procure a retailer's license under this Section proposes to engage in business as a retailer in Illinois under this Act.

The following are ineligible to receive a retailer's license under this Act:

(1) a person who has been convicted of a felony under any federal or State law for smuggling cigarettes or tobacco products or tobacco tax evasion, if the Department, after investigation and a hearing if requested by the applicant, determines that such person has not been

sufficiently rehabilitated to warrant the public trust; and

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

The Department, upon receipt of an application and license fee, in proper form, from a person who is eligible to receive a retailer's license under this Act, shall issue to such applicant a license in form as prescribed by the Department, which license shall permit the applicant to which it is issued to engage in business as a retailer under this Act at the place shown in his application. All licenses issued by the Department under this Section shall be valid for a period not to exceed one year after issuance unless sooner revoked, canceled or suspended as provided in this Act. No license issued under this Section is transferable or assignable. Such license shall be conspicuously displayed in the place of business conducted by the licensee in Illinois under such license. A person who obtains a license as a retailer who ceases to do business as specified in the license, or who never commenced business, or whose license is suspended or revoked, shall immediately surrender the license to the Department. The Department shall not issue a license to a retailer unless the retailer is also validly registered under the Retailers

Occupation Tax Act.

A retailer as defined under this Act need not obtain an additional license under this Act, but shall be deemed to be sufficiently licensed by virtue of his being properly licensed as a retailer under Section 4g of the Cigarette Tax Act.

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

(Source: P.A. 98-1055, eff. 1-1-16; 99-78, eff. 7-20-15; 99-192, eff. 1-1-16.)

(35 ILCS 143/10-30)

Sec. 10-30. Returns.

(a) Every distributor shall, on or before the 15th day of each month, file a return with the Department covering the preceding calendar month. Through June 30, 2025, the ~~The~~ return shall disclose the wholesale price for all tobacco products other than moist snuff and the quantity in ounces of

moist snuff sold or otherwise disposed of and other information that the Department may reasonably require. Beginning July 1, 2025, the return shall disclose the wholesale price for all tobacco products, including moist snuff, sold or otherwise disposed of and other information that the Department may reasonably require. Information that the Department may reasonably require includes information related to the uniform regulation and taxation of tobacco products. The return shall be filed upon a form prescribed and furnished by the Department.

(b) In addition to the information required under subsection (a), on or before the 15th day of each month, covering the preceding calendar month, each stamping distributor shall, on forms prescribed and furnished by the Department, report the quantity of little cigars sold or otherwise disposed of, including the number of packages of little cigars sold or disposed of during the month containing 20 or 25 little cigars.

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

(d) The Department may adopt rules to require the electronic filing of any return or document required to be filed under this Act. Those rules may provide for exceptions

from the filing requirement set forth in this paragraph for persons who demonstrate that they do not have access to the Internet and petition the Department to waive the electronic filing requirement.

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

(Source: P.A. 103-592, eff. 1-1-25.)

Section 10-15. The Prevention of Tobacco Use by Persons under 21 Years of Age and Sale and Distribution of Tobacco Products Act is amended by changing Section 1 as follows:

(720 ILCS 675/1) (from Ch. 23, par. 2357)

Sec. 1. Prohibition on sale of tobacco products, electronic cigarettes, and alternative nicotine products to persons under 21 years of age; prohibition on the distribution of tobacco product samples, electronic cigarette samples, and alternative nicotine product samples to any person; use of identification cards; vending machines; lunch wagons; out-of-package sales.

(a) No person shall sell, buy for, distribute samples of or furnish any tobacco product, electronic cigarette, or

alternative nicotine product to any person under 21 years of age.

(a-5) No person under 16 years of age may sell any tobacco product, electronic cigarette, or alternative nicotine product at a retail establishment selling tobacco products, electronic cigarettes, or alternative nicotine products. This subsection does not apply to a sales clerk in a family-owned business which can prove that the sales clerk is in fact a son or daughter of the owner.

(a-5.1) Before selling, offering for sale, giving, or furnishing a tobacco product, electronic cigarette, or alternative nicotine product to another person, the person selling, offering for sale, giving, or furnishing the tobacco product, electronic cigarette, or alternative nicotine product shall verify that the person is at least 21 years of age by:

(1) examining from any person that appears to be under 30 years of age a government-issued photographic identification that establishes the person to be 21 years of age or older; or

(2) for sales of tobacco products, electronic cigarettes, or alternative nicotine products made through the Internet or other remote sales methods, performing an age verification through an independent, third party age verification service that compares information available from public records to the personal information entered by the person during the ordering process that establishes

the person is 21 years of age or older.

(a-5.2) No person shall cause electronic cigarettes ordered or purchased by mail, through the Internet, or other remote sale methods, to be shipped to anyone under 21 years of age in the State other than (i) a distributor, as defined in Section 1 of the Cigarette Tax Act, Section 1 of the Cigarette Use Tax Act, Section 10-5 of the Tobacco Products Tax Act of 1995, and Section 5 of the Preventing Youth Vaping Act, or (ii) a retailer, as defined in Section 1 of the Cigarette Tax Act, Section 10-5 of the Tobacco Products Tax Act of 1995, and Section 5 of the Preventing Youth Vaping Act.

(a-6) No person under 21 years of age in the furtherance or facilitation of obtaining any tobacco product, electronic cigarette, or alternative nicotine product shall display or use a false or forged identification card or transfer, alter, or deface an identification card.

(a-7) (Blank).

(a-8) A person shall not distribute without charge samples of any tobacco product, alternative nicotine product, or electronic cigarette to any other person, regardless of age, except for smokeless tobacco in an adult-only facility.

This subsection (a-8) does not apply to the distribution of a tobacco product, electronic cigarette, or alternative nicotine product sample in any adult-only facility.

(a-9) For the purpose of this Section:

"Adult-only facility" means a facility or restricted

area (whether open-air or enclosed) where the operator ensures or has a reasonable basis to believe (such as by checking identification as required under State law, or by checking the identification of any person appearing to be under the age of 30) that no person under legal age is present. A facility or restricted area need not be permanently restricted to persons under 21 years of age to constitute an adult-only facility, provided that the operator ensures or has a reasonable basis to believe that no person under 21 years of age is present during the event or time period in question.

"Alternative nicotine product" means a product or device not consisting of or containing tobacco that provides for the ingestion into the body of nicotine, whether by chewing, smoking, absorbing, dissolving, inhaling, snorting, sniffing, or by any other means. "Alternative nicotine product" does not include: cigarettes as defined in Section 1 of the Cigarette Tax Act; tobacco products and electronic cigarettes ~~and tobacco products as defined in Section 10-5 of the Tobacco Products Tax Act of 1995; tobacco product and electronic cigarette~~ as defined in this Section; or any product approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for that approved purpose.

"Electronic cigarette" means:

(1) any device that employs a battery or other mechanism to heat a solution or substance to produce a vapor or aerosol intended for inhalation;

(2) any cartridge or container of a solution or substance intended to be used with or in the device or to refill the device; or

(3) any solution or substance, whether or not it contains nicotine intended for use in the device.

"Electronic cigarette" includes, but is not limited to, any electronic nicotine delivery system, electronic cigar, electronic cigarillo, electronic pipe, electronic hookah, vape pen, or similar product or device, any components or parts that can be used to build the product or device, and any component, part, or accessory of a device used during the operation of the device, even if the part or accessory was sold separately. "Electronic cigarette" does not include: cigarettes as defined in Section 1 of the Cigarette Tax Act; tobacco product and alternative nicotine product as defined in this Section; any product approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for that approved purpose; any asthma inhaler prescribed by a physician for that condition and is being marketed and

sold solely for that approved purpose; any device that meets the definition of cannabis paraphernalia under Section 1-10 of the Cannabis Regulation and Tax Act; or any cannabis product sold by a dispensing organization pursuant to the Cannabis Regulation and Tax Act or the Compassionate Use of Medical Cannabis Program Act.

"Lunch wagon" means a mobile vehicle designed and constructed to transport food and from which food is sold to the general public.

"Nicotine" means any form of the chemical nicotine, including any salt or complex, regardless of whether the chemical is naturally or synthetically derived.

"Tobacco product" means any product containing or made from tobacco that is intended for human consumption, whether smoked, heated, chewed, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, including, but not limited to, cigarettes, cigars, little cigars, chewing tobacco, pipe tobacco, snuff, snus, and any other smokeless tobacco product which contains tobacco that is finely cut, ground, powdered, or leaf and intended to be placed in the oral cavity. "Tobacco product" includes any component, part, or accessory of a tobacco product, whether or not sold separately. "Tobacco product" does not include: an alternative nicotine product as defined in this Section; or any product that has been approved by the United States Food and Drug Administration

for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for that approved purpose.

(b) Tobacco products, electronic cigarettes, and alternative nicotine products may be sold through a vending machine only if such tobacco products, electronic cigarettes, and alternative nicotine products are not placed together with any non-tobacco product, other than matches, in the vending machine and the vending machine is in any of the following locations:

(1) (Blank).

(2) Places to which persons under 21 years of age are not permitted access at any time.

(3) Places where alcoholic beverages are sold and consumed on the premises and vending machine operation is under the direct supervision of the owner or manager.

(4) (Blank).

(5) (Blank).

(c) (Blank).

(d) The sale or distribution by any person of a tobacco product as defined in this Section, including, but not limited to, a single or loose cigarette, that is not contained within a sealed container, pack, or package as provided by the manufacturer, which container, pack, or package bears the health warning required by federal law, is prohibited.

(e) It is not a violation of this Act for a person under 21

years of age to purchase a tobacco product, electronic cigarette, or alternative nicotine product if the person under the age of 21 purchases or is given the tobacco product, electronic cigarette, or alternative nicotine product in any of its forms from a retail seller of tobacco products, electronic cigarettes, or alternative nicotine products or an employee of the retail seller pursuant to a plan or action to investigate, patrol, or otherwise conduct a "sting operation" or enforcement action against a retail seller of tobacco products, electronic cigarettes, or alternative nicotine products or a person employed by the retail seller of tobacco products, electronic cigarettes, or alternative nicotine products or on any premises authorized to sell tobacco products, electronic cigarettes, or alternative nicotine products to determine if tobacco products, electronic cigarettes, or alternative nicotine products are being sold or given to persons under 21 years of age if the "sting operation" or enforcement action is approved by, conducted by, or conducted on behalf of the Illinois State Police, the county sheriff, a municipal police department, the Department of Revenue, the Department of Public Health, or a local health department. The results of any sting operation or enforcement action, including the name of the clerk, shall be provided to the retail seller within 7 business days.

(f) No person shall honor or accept any discount, coupon, or other benefit or reduction in price that is inconsistent

with 21 CFR 1140, subsequent United States Food and Drug Administration industry guidance, or any rules adopted under 21 CFR 1140.

(g) Any peace officer or duly authorized member of the Illinois State Police, a county sheriff's department, a municipal police department, the Department of Revenue, the Department of Public Health, a local health department, or the Department of Human Services, upon discovering a violation of subsection (a), (a-5), (a-5.1), (a-8), (b), or (d) of this Section or a violation of the Preventing Youth Vaping Act, may seize any tobacco products, alternative nicotine products, or electronic cigarettes of the specific type involved in that violation that are located at that place of business. The tobacco products, alternative nicotine products, or electronic cigarettes so seized are subject to confiscation and forfeiture.

(h) If, within 60 days after any seizure under subsection (g), a person having any property interest in the seized property is charged with an offense under this Section or a violation of the Preventing Youth Vaping Act, the court that renders judgment upon the charge shall, within 30 days after the judgment, conduct a forfeiture hearing to determine whether the seized tobacco products or electronic cigarettes were part of the inventory located at the place of business when a violation of subsection (a), (a-5), (a-5.1), (a-8), (b), or (d) of this Section or a violation of the Preventing

Youth Vaping Act occurred and whether any seized tobacco products or electronic cigarettes were of a type involved in that violation. The hearing shall be commenced by a written petition by the State, which shall include material allegations of fact, the name and address of every person determined by the State to have any property interest in the seized property, a representation that written notice of the date, time, and place of the hearing has been mailed to every such person by certified mail at least 10 days before the date, and a request for forfeiture. Every such person may appear as a party and present evidence at the hearing. The quantum of proof required shall be a preponderance of the evidence, and the burden of proof shall be on the State. If the court determines that the seized property was subject to forfeiture, an order of forfeiture and disposition of the seized property shall be entered and the property shall be received by the prosecuting office, who shall effect its destruction.

(i) If a seizure under subsection (g) is not followed by a charge under subsection (a), (a-5), (a-5.1), (a-8), (b), or (d) of this Section or under the Preventing Youth Vaping Act, or if the prosecution of the charge is permanently terminated or indefinitely discontinued without any judgment of conviction or acquittal:

(1) the prosecuting office may commence in the circuit court an in rem proceeding for the forfeiture and destruction of any seized tobacco products or electronic

cigarettes; and

(2) any person having any property interest in the seized tobacco products or electronic cigarettes may commence separate civil proceedings in the manner provided by law.

(j) After the Department of Revenue has seized any tobacco product, nicotine product, or electronic cigarette as provided in subsection (g) and a person having any property interest in the seized property has not been charged with an offense under this Section or a violation of the Preventing Youth Vaping Act, the Department of Revenue must hold a hearing and determine whether the seized tobacco products, alternative nicotine products, or electronic cigarettes were part of the inventory located at the place of business when a violation of subsection (a), (a-5), (a-5.1), (a-8), (b), or (d) of this Section or a violation of the Preventing Youth Vaping Act occurred and whether any seized tobacco product, alternative nicotine product, or electronic cigarette was of a type involved in that violation. The Department of Revenue shall give not less than 20 days' notice of the time and place of the hearing to the owner of the property, if the owner is known, and also to the person in whose possession the property was found if that person is known and if the person in possession is not the owner of the property. If neither the owner nor the person in possession of the property is known, the Department of Revenue must cause publication of the time and place of the

hearing to be made at least once each week for 3 weeks successively in a newspaper of general circulation in the county where the hearing is to be held.

If, as the result of the hearing, the Department of Revenue determines that the tobacco products, alternative nicotine products, or the electronic cigarettes were part of the inventory located at the place of business when a violation of subsection (a), (a-5), (a-5.1), (a-8), (b), or (d) of this Section or a violation of the Preventing Youth Vaping Act at the time of seizure, the Department of Revenue must enter an order declaring the tobacco product, alternative nicotine product, or electronic cigarette confiscated and forfeited to the State, to be held by the Department of Revenue for disposal by it as provided in Section 10-58 of the Tobacco Products Tax Act of 1995. The Department of Revenue must give notice of the order to the owner of the property, if the owner is known, and also to the person in whose possession the property was found if that person is known and if the person in possession is not the owner of the property. If neither the owner nor the person in possession of the property is known, the Department of Revenue must cause publication of the order to be made at least once each week for 3 weeks successively in a newspaper of general circulation in the county where the hearing was held.

(Source: P.A. 102-538, eff. 8-20-21; 102-575, eff. 1-1-22; 102-813, eff. 5-13-22; 103-937, eff. 1-1-25.)

Section 10-20. The Prevention of Cigarette and Electronic Cigarette Sales to Persons under 21 Years of Age Act is amended by changing Section 2 as follows:

(720 ILCS 678/2)

Sec. 2. Definitions. For the purpose of this Act:

"Cigarette", when used in this Act, means any roll for smoking made wholly or in part of tobacco irrespective of size or shape and whether or not the tobacco is flavored, adulterated, or mixed with any other ingredient, and the wrapper or cover of which is made of paper or any other substance or material except whole leaf tobacco.

"Clear and conspicuous statement" means the statement is of sufficient type size to be clearly readable by the recipient of the communication.

"Consumer" means an individual who acquires or seeks to acquire cigarettes or electronic cigarettes for personal use.

"Delivery sale" means any sale of cigarettes or electronic cigarettes to a consumer if:

(a) the consumer submits the order for such sale by means of a telephone or other method of voice transmission, the mails, or the Internet or other online service, or the seller is otherwise not in the physical presence of the buyer when the request for purchase or order is made; or

(b) the cigarettes or electronic cigarettes are delivered by use of a common carrier, private delivery service, or the mails, or the seller is not in the physical presence of the buyer when the buyer obtains possession of the cigarettes or electronic cigarettes.

"Delivery service" means any person (other than a person that makes a delivery sale) who delivers to the consumer the cigarettes or electronic cigarettes sold in a delivery sale.

"Department" means the Department of Revenue.

"Electronic cigarette" means:

(1) any device that employs a battery or other mechanism to heat a solution or substance to produce a vapor or aerosol intended for inhalation;

(2) any cartridge or container of a solution or substance intended to be used with or in the device or to refill the device; or

(3) any solution or substance, whether or not it contains nicotine, intended for use in the device.

"Electronic cigarette" includes, but is not limited to, any electronic nicotine delivery system, electronic cigar, electronic cigarillo, electronic pipe, electronic hookah, vape pen, or similar product or device, and any component, part, or accessory of a device used during the operation of the device, even if the part or accessory was sold separately. "Electronic cigarette" does not include: cigarettes, as defined in Section 1 of the Cigarette Tax Act; any product approved by the United

States Food and Drug Administration for sale as a tobacco cessation product, a tobacco dependence product, or for other medical purposes that is marketed and sold solely for that approved purpose; any asthma inhaler prescribed by a physician for that condition that is marketed and sold solely for that approved purpose; any device that meets the definition of cannabis paraphernalia under Section 1-10 of the Cannabis Regulation and Tax Act; or any cannabis product sold by a dispensing organization pursuant to the Cannabis Regulation and Tax Act or the Compassionate Use of Medical Cannabis Program Act.

"Government-issued identification" means a State driver's license, State identification card, passport, a military identification or an official naturalization or immigration document, such as a permanent resident card (commonly known as a "green card") or an immigrant visa.

"Mails" or "mailing" mean the shipment of cigarettes or electronic cigarettes through the United States Postal Service.

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

"Out-of-state sale" means a sale of cigarettes or electronic cigarettes to a consumer located outside of this State where the consumer submits the order for such sale by

means of a telephonic or other method of voice transmission, the mails or any other delivery service, facsimile transmission, or the Internet or other online service and where the cigarettes or electronic cigarettes are delivered by use of the mails or other delivery service.

"Person" means any individual, corporation, partnership, limited liability company, association, or other organization that engages in any for-profit or not-for-profit activities.

"Shipping package" means a container in which packs or cartons of cigarettes or electronic cigarettes are shipped in connection with a delivery sale.

"Shipping documents" means bills of lading, air bills, or any other documents used to evidence the undertaking by a delivery service to deliver letters, packages, or other containers.

(Source: P.A. 102-575, eff. 1-1-22; 102-1030, eff. 5-27-22.)

Section 10-25. The Preventing Youth Vaping Act is amended by changing Section 5 as follows:

(410 ILCS 86/5)

Sec. 5. Definitions. In this Act:

"Additive" means any substance the intended use of which results or may reasonably be expected to result, directly or indirectly, in it becoming a component or otherwise affecting the characteristic of any tobacco product, including, but not

limited to, any substances intended for use as a flavoring or coloring or in producing, manufacturing, packing, processing, preparing, treating, packaging, transporting, or holding. "Additive" does not include tobacco or a pesticide chemical residue in or on raw tobacco or a pesticide chemical.

"Consumer" means an individual who acquires or seeks to acquire electronic cigarettes for personal use.

"Distributor" means a person who sells, offers for sale, or transfers any tobacco, electronic cigarette, or tobacco product for resale and not for use or consumption. "Distributor" includes a distributor as defined in Section 1 of the Cigarette Tax Act, Section 1 of the Cigarette Use Tax Act, and Section 10-5 of the Tobacco Products Tax Act of 1995.

"Electronic cigarette" means:

(1) any device that employs a battery or other mechanism to heat a solution or substance to produce a vapor or aerosol intended for inhalation;

(2) any cartridge or container of a solution or substance intended to be used with or in the device or to refill the device; or

(3) any solution or substance, whether or not it contains nicotine, intended for use in the device.

"Electronic cigarette" includes, but is not limited to, any electronic nicotine delivery system, electronic cigar, electronic cigarillo, electronic pipe, electronic hookah, vape pen, or similar product or device, and any component, part, or

accessory of a device used during the operation of the device even if the part or accessory was sold separately. "Electronic cigarette" does not include: cigarettes, as defined in Section 1 of the Cigarette Tax Act; any product approved by the United States Food and Drug Administration for sale as a smoking cessation product, a tobacco dependence product, or for other medical purposes that is marketed and sold solely for that approved purpose; any asthma inhaler prescribed by a physician for that condition that is marketed and sold solely for that approved purpose; any device that meets the definition of cannabis paraphernalia under Section 1-10 of the Cannabis Regulation and Tax Act; or any cannabis product sold by a dispensing organization pursuant to the Cannabis Regulation and Tax Act or the Compassionate Use of Medical Cannabis Program Act.

"Manufacturer" means any person, wherever resident or located, who manufactures and sells tobacco products. "Manufacturer" does not include a person who makes, manufactures, or fabricates tobacco products as a part of a correctional industries program for sale to persons incarcerated in penal institutions or resident patients of a State-operated mental health facility.

"Modified risk tobacco product" means any tobacco product that is sold or distributed to reduce harm or the risk of tobacco related disease associated with commercially marketed tobacco products.

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

"Person" means any individual, corporation, partnership, limited liability company, association, or other organization that engages in any for-profit or not-for-profit activities.

"Retailer" means a person who engages in this State in the sale of or offers for sale electronic cigarettes for use or consumption and not for resale in any form. "Retailer" includes a retailer as defined in Section 1 of the Cigarette Tax Act and Section 10-5 of the Tobacco Products Tax Act of 1995.

"Secondary distributor" has the same meaning as defined in Section 1 of the Cigarette Tax Act and Section 1 of the Cigarette Use Tax Act.

"Tobacco product" has the same meaning as defined in Section 10-5 of the Tobacco Products Tax Act of 1995.

(Source: P.A. 102-575, eff. 1-1-22.)

Section 10-50. The Franchise Tax and License Fee Amnesty Act of 2007 is amended by changing Section 5-10 as follows:

(805 ILCS 8/5-10)

Sec. 5-10. Amnesty program. The Secretary shall establish an amnesty program for all taxpayers owing any franchise tax

or license fee imposed by Article XV of the Business Corporation Act of 1983. The amnesty program shall be for a period from February 1, 2008 through March 15, 2008. The amnesty program shall also be for a period between October 1, 2019 and November 15, 2019, and shall apply to franchise tax or license fee liabilities for any tax period ending after March 15, 2008 and on or before June 30, 2019. The amnesty program shall also be for a period between October 1, 2025 and November 15, 2025, and shall apply to franchise tax or license fee liabilities for any tax period ending after June 30, 2019 and on or before June 30, 2025. The amnesty program shall provide that, upon payment by a taxpayer of all franchise taxes and license fees due from that taxpayer to the State of Illinois for any taxable period, the Secretary shall abate and not seek to collect any interest or penalties that may be applicable, and the Secretary shall not seek civil or criminal prosecution for any taxpayer for the period of time for which amnesty has been granted to the taxpayer. Failure to pay all taxes due to the State for a taxable period shall not invalidate any amnesty granted under this Act with respect to the taxes paid pursuant to the amnesty program. Amnesty shall be granted only if all amnesty conditions are satisfied by the taxpayer. Amnesty shall not be granted to taxpayers who are a party to any civil, administrative, or criminal investigation or to any civil, administrative, or criminal litigation that is pending in any circuit court or appellate court or the Supreme Court of

this State for nonpayment, delinquency, or fraud in relation to any franchise tax or license fee imposed by Article XV of the Business Corporation Act of 1983. A civil, administrative, or criminal investigation includes, but is not limited to, the Secretary of State's Department of Business Services sending interrogatories to a taxpayer. Voluntary payments made under this Act shall be made by check, guaranteed remittance, or ACH debit. The Secretary shall adopt rules as necessary to implement the provisions of this Act. Except as otherwise provided in this Section, all money collected under this Act that would otherwise be deposited into the General Revenue Fund shall be deposited into the General Revenue Fund. Two percent of all money collected under this Act shall be deposited by the State Treasurer into the Department of Business Services Special Operations Fund and, subject to appropriation, shall be used by the Secretary to cover costs associated with the administration of this Act.

(Source: P.A. 101-9, eff. 6-5-19; 101-604, eff. 12-13-19; 102-1071, eff. 6-10-22.)

ARTICLE 15

Section 15-5. The Counties Code is amended by changing Section 5-1006.9 as follows:

(55 ILCS 5/5-1006.9)

Sec. 5-1006.9. County Grocery Occupation Tax Law.

(a) The corporate authorities of any county may, by ordinance or resolution that takes effect on or after January 1, 2026, impose a tax upon all persons engaged in the business of selling groceries at retail in the county, but outside of any municipality, on the gross receipts from those sales made in the course of that business. If imposed, the tax shall be at the rate of 1% of the gross receipts from these sales.

The tax imposed by a county under this subsection and all civil penalties that may be assessed as an incident of the tax shall be collected and enforced by the Department. The certificate of registration that is issued by the Department to a retailer under the Retailers' Occupation Tax Act shall permit the retailer to engage in a business that is taxable under any ordinance or resolution enacted under this subsection without registering separately with the Department under that ordinance or resolution or under this subsection.

The Department shall have full power to administer and enforce this subsection; to collect all taxes and penalties due under this subsection; to dispose of taxes and penalties so collected in the manner provided in this Section and under rules adopted by the Department; and to determine all rights to credit memoranda arising on account of the erroneous payment of tax or penalty under this subsection.

In the administration of, and compliance with, this subsection, the Department and persons who are subject to this

subsection shall have the same rights, remedies, privileges, immunities, powers, and duties, and be subject to the same conditions, restrictions, limitations, penalties and definitions of terms, and employ the same modes of procedure, as are prescribed in Sections 1, 2 through 2-65 (in respect to all provisions therein other than the State rate of tax and other than the exemption for food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption), which is authorized to be taxed as provided in this subsection), 2c, 3 (except as to the disposition of taxes and penalties collected), 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5i, 5j, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 11a, 12 and 13 of the Retailers' Occupation Tax Act and all of the Uniform Penalty and Interest Act, as fully as if those provisions were set forth in this Section.

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

(b) If a tax has been imposed under subsection (a), then a service occupation tax must also be imposed at the same rate

upon all persons engaged, in the county but outside of a municipality, in the business of making sales of service, who, as an incident to making those sales of service, transfer groceries, as defined in this Section, as an incident to a sale of service.

The tax imposed under this subsection and all civil penalties that may be assessed as an incident thereof shall be collected and enforced by the Department. The certificate of registration that is issued by the Department to a retailer under the Retailers' Occupation Tax Act or the Service Occupation Tax Act shall permit the registrant to engage in a business that is taxable under any ordinance or resolution enacted pursuant to this subsection without registering separately with the Department under the ordinance or resolution or under this subsection.

The Department shall have full power to administer and enforce this subsection, to collect all taxes and penalties due under this subsection, to dispose of taxes and penalties so collected in the manner provided in this Section and under rules adopted by the Department, and to determine all rights to credit memoranda arising on account of the erroneous payment of a tax or penalty under this subsection.

In the administration of and compliance with this subsection, the Department and persons who are subject to this subsection shall have the same rights, remedies, privileges, immunities, powers and duties, and be subject to the same

conditions, restrictions, limitations, penalties and definitions of terms, and employ the same modes of procedure as are set forth in Sections 2, 2c, 3 through 3-50 (in respect to all provisions contained in those Sections other than: (i) the State rate of tax; (ii) the exemption for food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption), which is authorized to be taxed as provided in this subsection; and (iii) the exemption for food prepared for immediate consumption and transferred incident to a sale of service subject to the Service Occupation Tax Act or the Service Use Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act, which is authorized to be taxed as provided in this subsection), 4, 5, 7, 8, 9 (except as to the disposition of taxes and penalties collected), 10, 11, 12, 13, 15, 16, 17, 18, 19, and 20 of the Service Occupation Tax Act and all provisions of the Uniform Penalty and Interest Act, as fully as if those provisions were set forth in this Section.

Persons subject to any tax imposed under the authority

granted in this subsection may reimburse themselves for their serviceman's tax liability by separately stating the tax as an additional charge, which may be stated in combination, in a single amount, with State tax that servicemen are authorized to collect under the Service Use Tax Act, pursuant to any bracketed schedules set forth by the Department.

(c) The Department shall immediately pay over to the State Treasurer, ex officio, as trustee, all taxes and penalties collected under this Section. Those taxes and penalties shall be deposited into the County Grocery Tax Trust Fund, a trust fund created in the State treasury. Except as otherwise provided in this Section, moneys in the County Grocery Tax Trust Fund shall be used to make payments to counties and for the payment of refunds under this Section.

Moneys deposited into the County Grocery Tax Trust Fund under this Section are not subject to appropriation and shall be used as provided in this Section. All deposits into the County Grocery Tax Trust Fund shall be held in the County Grocery Tax Trust Fund by the State Treasurer, ex officio, as trustee separate and apart from all public moneys or funds of this State.

Whenever the Department determines that a refund should be made under this Section to a claimant instead of issuing a credit memorandum, the Department shall notify the State Comptroller, who shall cause the order to be drawn for the amount specified and to the person named in the notification

from the Department. The refund shall be paid by the State Treasurer out of the County Grocery Tax Trust Fund.

(d) As soon as possible after the first day of each month, upon certification of the Department, the Comptroller shall order transferred, and the Treasurer shall transfer, to the STAR Bonds Revenue Fund the local sales tax increment, if any, as defined in the Innovation Development and Economy Act, collected under this Section.

After the monthly transfer to the STAR Bonds Revenue Fund, if any, on or before the 25th day of each calendar month, the Department shall prepare and certify to the Comptroller the disbursement of stated sums of money to named counties, the counties to be those from which retailers have paid taxes or penalties under this Section to the Department during the second preceding calendar month. The amount to be paid to each county shall be the amount (not including credit memoranda) collected under this Section during the second preceding calendar month by the Department plus an amount the Department determines is necessary to offset any amounts that were erroneously paid to a different taxing body, and not including an amount equal to the amount of refunds made during the second preceding calendar month by the Department on behalf of such county, and not including any amount that the Department determines is necessary to offset any amounts that were payable to a different taxing body but were erroneously paid to the county, and not including any amounts that are

transferred to the STAR Bonds Revenue Fund. Within 10 days after receipt by the Comptroller of the disbursement certification to the counties provided for in this Section to be given to the Comptroller by the Department, the Comptroller shall cause the orders to be drawn for the amounts in accordance with the directions contained in the certification.

(e) Nothing in this Section shall be construed to authorize a county to impose a tax upon the privilege of engaging in any business which under the Constitution of the United States may not be made the subject of taxation by this State.

(f) Except as otherwise provided in this subsection, an ordinance or resolution imposing or discontinuing the tax hereunder or effecting a change in the rate thereof shall either (i) be adopted and a certified copy thereof filed with the Department on or before the first day of April, whereupon the Department shall proceed to administer and enforce this Section as of the first day of July next following the adoption and filing, or (ii) be adopted and a certified copy thereof filed with the Department on or before the first day of October, whereupon the Department shall proceed to administer and enforce this Section as of the first day of January next following the adoption and filing.

(g) When certifying the amount of a monthly disbursement to a county under this Section, the Department shall increase or decrease the amount by an amount necessary to offset any

misallocation of previous disbursements. The offset amount shall be the amount erroneously disbursed within the previous 6 months from the time a misallocation is discovered.

(h) As used in this Section, "Department" means the Department of Revenue.

For purposes of the tax authorized to be imposed under subsection (a), "groceries" has the same meaning as "food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption)", as further defined in Section 2-10 of the Retailers' Occupation Tax Act.

For purposes of the tax authorized to be imposed under subsection (b), "groceries" has the same meaning as "food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption)", as further defined in Section 3-10 of the Service Occupation Tax Act.

For purposes of the tax authorized to be imposed under subsection (b), "groceries" also means food prepared for immediate consumption and transferred incident to a sale of service subject to the Service Occupation Tax Act or the Service Use Tax Act by an entity licensed under the Hospital

Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act.

(i) This Section may be referred to as the County Grocery Occupation Tax Law.

(Source: P.A. 103-781, eff. 8-5-24.)

Section 15-10. The Illinois Municipal Code is amended by changing Section 8-11-24 as follows:

(65 ILCS 5/8-11-24)

Sec. 8-11-24. Municipal Grocery Occupation Tax Law.

(a) The corporate authorities of any municipality may, by ordinance or resolution that takes effect on or after January 1, 2026, impose a tax upon all persons engaged in the business of selling groceries at retail in the municipality on the gross receipts from those sales made in the course of that business. If imposed, the tax shall be at the rate of 1% of the gross receipts from these sales.

The tax imposed by a municipality under this subsection and all civil penalties that may be assessed as an incident of the tax shall be collected and enforced by the Department. The certificate of registration that is issued by the Department to a retailer under the Retailers' Occupation Tax Act shall

permit the retailer to engage in a business that is taxable under any ordinance or resolution enacted under this subsection without registering separately with the Department under that ordinance or resolution or under this subsection.

The Department shall have full power to administer and enforce this subsection; to collect all taxes and penalties due under this subsection; to dispose of taxes and penalties so collected in the manner provided in this Section and under rules adopted by the Department; and to determine all rights to credit memoranda arising on account of the erroneous payment of tax or penalty under this subsection.

In the administration of, and compliance with, this subsection, the Department and persons who are subject to this subsection shall have the same rights, remedies, privileges, immunities, powers, and duties, and be subject to the same conditions, restrictions, limitations, penalties and definitions of terms, and employ the same modes of procedure, as are prescribed in Sections 1, 2 through 2-65 (in respect to all provisions therein other than the State rate of tax and other than the exemption for food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption), which is authorized to be taxed as provided in this subsection), 2c, 3 (except as to the disposition of taxes and penalties collected), 4, 5, 5a, 5b,

5c, 5d, 5e, 5f, 5g, 5i, 5j, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 11a, 12 and 13 of the Retailers' Occupation Tax Act and all of the Uniform Penalty and Interest Act, as fully as if those provisions were set forth in this Section.

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

(b) If a tax has been imposed under subsection (a), then a service occupation tax must also be imposed at the same rate upon all persons engaged, in the municipality, in the business of making sales of service, who, as an incident to making those sales of service, transfer groceries, as defined in this Section, as an incident to a sale of service.

The tax imposed under this subsection and all civil penalties that may be assessed as an incident thereof shall be collected and enforced by the Department. The certificate of registration that is issued by the Department to a retailer under the Retailers' Occupation Tax Act or the Service Occupation Tax Act shall permit the registrant to engage in a business that is taxable under any ordinance or resolution enacted pursuant to this subsection without registering separately with the Department under the ordinance or

resolution or under this subsection.

The Department shall have full power to administer and enforce this subsection, to collect all taxes and penalties due under this subsection, to dispose of taxes and penalties so collected in the manner provided in this Section and under rules adopted by the Department, and to determine all rights to credit memoranda arising on account of the erroneous payment of a tax or penalty under this subsection.

In the administration of and compliance with this subsection, the Department and persons who are subject to this subsection shall have the same rights, remedies, privileges, immunities, powers and duties, and be subject to the same conditions, restrictions, limitations, penalties and definitions of terms, and employ the same modes of procedure as are set forth in Sections 2, 2c, 3 through 3-50 (in respect to all provisions contained in those Sections other than (i) the State rate of tax; (ii) the exemption for food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption), which is authorized to be taxed as provided in this subsection; and (iii) the exemption for food prepared for immediate consumption and transferred incident to a sale of service subject to the Service Occupation Tax Act or the Service Use Tax Act by an entity licensed under the Hospital Licensing

Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act, which is authorized to be taxed as provided in this subsection), 4, 5, 7, 8, 9 (except as to the disposition of taxes and penalties collected), 10, 11, 12, 13, 15, 16, 17, 18, 19, and 20 of the Service Occupation Tax Act and all provisions of the Uniform Penalty and Interest Act, as fully as if those provisions were set forth in this Section.

Persons subject to any tax imposed under the authority granted in this subsection may reimburse themselves for their serviceman's tax liability by separately stating the tax as an additional charge, which may be stated in combination, in a single amount, with State tax that servicemen are authorized to collect under the Service Use Tax Act, pursuant to any bracketed schedules set forth by the Department.

(c) The Department shall immediately pay over to the State Treasurer, ex officio, as trustee, all taxes and penalties collected under this Section. Those taxes and penalties shall be deposited into the Municipal Grocery Tax Trust Fund, a trust fund created in the State treasury. Except as otherwise provided in this Section, moneys in the Municipal Grocery Tax Trust Fund shall be used to make payments to municipalities and for the payment of refunds under this Section.

Moneys deposited into the Municipal Grocery Tax Trust Fund under this Section are not subject to appropriation and shall be used as provided in this Section. All deposits into the Municipal Grocery Tax Trust Fund shall be held in the Municipal Grocery Tax Trust Fund by the State Treasurer, ex officio, as trustee separate and apart from all public moneys or funds of this State.

Whenever the Department determines that a refund should be made under this Section to a claimant instead of issuing a credit memorandum, the Department shall notify the State Comptroller, who shall cause the order to be drawn for the amount specified and to the person named in the notification from the Department. The refund shall be paid by the State Treasurer out of the Municipal Grocery Tax Trust Fund.

(d) As soon as possible after the first day of each month, upon certification of the Department, the Comptroller shall order transferred, and the Treasurer shall transfer, to the STAR Bonds Revenue Fund the local sales tax increment, if any, as defined in the Innovation Development and Economy Act, collected under this Section.

After the monthly transfer to the STAR Bonds Revenue Fund, if any, on or before the 25th day of each calendar month, the Department shall prepare and certify to the Comptroller the disbursement of stated sums of money to named municipalities, the municipalities to be those from which retailers have paid taxes or penalties under this Section to the Department during

the second preceding calendar month. The amount to be paid to each municipality shall be the amount (not including credit memoranda) collected under this Section during the second preceding calendar month by the Department plus an amount the Department determines is necessary to offset any amounts that were erroneously paid to a different taxing body, and not including an amount equal to the amount of refunds made during the second preceding calendar month by the Department on behalf of such municipality, and not including any amount that the Department determines is necessary to offset any amounts that were payable to a different taxing body but were erroneously paid to the municipality, and not including any amounts that are transferred to the STAR Bonds Revenue Fund. Within 10 days after receipt by the Comptroller of the disbursement certification to the municipalities provided for in this Section to be given to the Comptroller by the Department, the Comptroller shall cause the orders to be drawn for the amounts in accordance with the directions contained in the certification.

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

(f) Except as otherwise provided in this subsection, an ordinance or resolution imposing or discontinuing the tax

hereunder or effecting a change in the rate thereof shall either (i) be adopted and a certified copy thereof filed with the Department on or before the first day of April, whereupon the Department shall proceed to administer and enforce this Section as of the first day of July next following the adoption and filing or (ii) be adopted and a certified copy thereof filed with the Department on or before the first day of October, whereupon the Department shall proceed to administer and enforce this Section as of the first day of January next following the adoption and filing.

(g) When certifying the amount of a monthly disbursement to a municipality under this Section, the Department shall increase or decrease the amount by an amount necessary to offset any misallocation of previous disbursements. The offset amount shall be the amount erroneously disbursed within the previous 6 months from the time a misallocation is discovered.

(h) As used in this Section, "Department" means the Department of Revenue.

For purposes of the tax authorized to be imposed under subsection (a), "groceries" has the same meaning as "food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption)", as further defined in Section 2-10 of the Retailers' Occupation Tax Act.

For purposes of the tax authorized to be imposed under subsection (b), "groceries" has the same meaning as "food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption)", as further defined in Section 3-10 of the Service Occupation Tax Act. For purposes of the tax authorized to be imposed under subsection (b), "groceries" also means food prepared for immediate consumption and transferred incident to a sale of service subject to the Service Occupation Tax Act or the Service Use Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act.

(i) This Section may be referred to as the Municipal Grocery Occupation Tax Law.

(Source: P.A. 103-781, eff. 8-5-24.)

Section 15-15. The Local Mass Transit District Act is amended by changing Section 5.01 as follows:

(70 ILCS 3610/5.01) (from Ch. 111 2/3, par. 355.01)

Sec. 5.01. Metro East Mass Transit District; use and occupation taxes.

(a) The Board of Trustees of any Metro East Mass Transit District may, by ordinance adopted with the concurrence of two-thirds of the then trustees, impose throughout the District any or all of the taxes and fees provided in this Section. Except as otherwise provided, all taxes and fees imposed under this Section shall be used only for public mass transportation systems, and the amount used to provide mass transit service to unserved areas of the District shall be in the same proportion to the total proceeds as the number of persons residing in the unserved areas is to the total population of the District. Except as otherwise provided in this Act, taxes imposed under this Section and civil penalties imposed incident thereto shall be collected and enforced by the State Department of Revenue. The Department shall have the power to administer and enforce the taxes and to determine all rights for refunds for erroneous payments of the taxes.

(b) The Board may impose a Metro East Mass Transit District Retailers' Occupation Tax upon all persons engaged in the business of selling tangible personal property at retail in the district at a rate of 1/4 of 1%, or as authorized under subsection (d-5) of this Section, of the gross receipts from the sales made in the course of such business within the district, including sales of food for human consumption that is to be consumed off the premises where it is sold (other than

alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption), except that the rate of tax imposed under this Section on sales of aviation fuel on or after December 1, 2019 shall be 0.25% in Madison County unless the Metro-East Mass Transit District in Madison County has an "airport-related purpose" and any additional amount authorized under subsection (d-5) is expended for airport-related purposes. If there is no airport-related purpose to which aviation fuel tax revenue is dedicated, then aviation fuel is excluded from any additional amount authorized under subsection (d-5). The rate in St. Clair County shall be 0.25% unless the Metro-East Mass Transit District in St. Clair County has an "airport-related purpose" and the additional 0.50% of the 0.75% tax on aviation fuel imposed in that County is expended for airport-related purposes. If there is no airport-related purpose to which aviation fuel tax revenue is dedicated, then aviation fuel is excluded from the additional 0.50% of the 0.75% tax.

The Board must comply with the certification requirements for airport-related purposes under Section 2-22 of the Retailers' Occupation Tax Act. For purposes of this Section, "airport-related purposes" has the meaning ascribed in Section 6z-20.2 of the State Finance Act. This exclusion for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the

District.

The tax imposed under this Section and all civil penalties that may be assessed as an incident thereof shall be collected and enforced by the State Department of Revenue. The Department shall have full power to administer and enforce this Section; to collect all taxes and penalties so collected in the manner hereinafter provided; and to determine all rights to credit memoranda arising on account of the erroneous payment of tax or penalty hereunder. In the administration of, and compliance with, this Section, the Department and persons who are subject to this Section shall have the same rights, remedies, privileges, immunities, powers and duties, and be subject to the same conditions, restrictions, limitations, penalties, exclusions, exemptions and definitions of terms and employ the same modes of procedure, as are prescribed in Sections 1, 1a, 1a-1, 1c, 1d, 1e, 1f, 1i, 1j, 2 through 2-65 (in respect to all provisions therein other than the State rate of tax and other than the exemption for food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption), which is taxed at the rate as provided in this subsection), 2c, 3 (except as to the disposition of taxes and penalties collected, and except that the retailer's discount is not allowed for taxes paid on aviation fuel that are subject to the

revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 4, 5, 5a, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 12, 13, and 14 of the Retailers' Occupation Tax Act and Section 3-7 of the Uniform Penalty and Interest Act, as fully as if those provisions were set forth herein.

Persons subject to any tax imposed under the Section may reimburse themselves for their seller's tax liability hereunder by separately stating the tax as an additional charge, which charge may be stated in combination, in a single amount, with State taxes that sellers are required to collect under the Use Tax Act, in accordance with such bracket schedules as the Department may prescribe.

Whenever the Department determines that a refund should be made under this Section to a claimant instead of issuing a credit memorandum, the Department shall notify the State Comptroller, who shall cause the warrant to be drawn for the amount specified, and to the person named, in the notification from the Department. The refund shall be paid by the State Treasurer out of the Metro East Mass Transit District tax fund established under paragraph (h) of this Section or the Local Government Aviation Trust Fund, as appropriate.

If a tax is imposed under this subsection (b), a tax shall also be imposed under subsections (c) and (d) of this Section.

For the purpose of determining whether a tax authorized under this Section is applicable, a retail sale, by a producer

of coal or other mineral mined in Illinois, is a sale at retail at the place where the coal or other mineral mined in Illinois is extracted from the earth. This paragraph does not apply to coal or other mineral when it is delivered or shipped by the seller to the purchaser at a point outside Illinois so that the sale is exempt under the Federal Constitution as a sale in interstate or foreign commerce.

No tax shall be imposed or collected under this subsection on the sale of a motor vehicle in this State to a resident of another state if that motor vehicle will not be titled in this State.

Nothing in this Section shall be construed to authorize the Metro East Mass Transit District to impose a tax upon the privilege of engaging in any business which under the Constitution of the United States may not be made the subject of taxation by this State.

(c) If a tax has been imposed under subsection (b), a Metro East Mass Transit District Service Occupation Tax shall also be imposed upon all persons engaged, in the district, in the business of making sales of service, who, as an incident to making those sales of service, transfer tangible personal property within the District, either in the form of tangible personal property or in the form of real estate as an incident to a sale of service. The tax rate shall be (1) 1/4%, or as authorized under subsection (d-5) of this Section, of the selling price of tangible personal property so transferred

within the district, including food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption); and (2) 1/4%, or as authorized under subsection (d-5) of this Section, of the serviceman's cost price of food prepared for immediate consumption and transferred incident to a sale of service subject to the service occupation tax by an entity that is licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the Specialized Mental Health Rehabilitation Act of 2013, the ID/DD Community Care Act, or the MC/DD Act, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act. However, ~~except that~~ the rate of tax imposed in these Counties under this Section on sales of aviation fuel on or after December 1, 2019 shall be 0.25% in Madison County unless the Metro-East Mass Transit District in Madison County has an "airport-related purpose" and any additional amount authorized under subsection (d-5) is expended for airport-related purposes. If there is no airport-related purpose to which aviation fuel tax revenue is dedicated, then aviation fuel is excluded from any additional amount authorized under subsection (d-5). The rate in St. Clair County shall be 0.25% unless the Metro-East Mass Transit District in St. Clair County has an "airport-related purpose"

and the additional 0.50% of the 0.75% tax on aviation fuel is expended for airport-related purposes. If there is no airport-related purpose to which aviation fuel tax revenue is dedicated, then aviation fuel is excluded from the additional 0.50% of the 0.75% tax.

The Board must comply with the certification requirements for airport-related purposes under Section 2-22 of the Retailers' Occupation Tax Act. For purposes of this Section, "airport-related purposes" has the meaning ascribed in Section 6z-20.2 of the State Finance Act. This exclusion for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the District.

The tax imposed under this paragraph and all civil penalties that may be assessed as an incident thereof shall be collected and enforced by the State Department of Revenue. The Department shall have full power to administer and enforce this paragraph; to collect all taxes and penalties due hereunder; to dispose of taxes and penalties so collected in the manner hereinafter provided; and to determine all rights to credit memoranda arising on account of the erroneous payment of tax or penalty hereunder. In the administration of, and compliance with this paragraph, the Department and persons who are subject to this paragraph shall have the same rights, remedies, privileges, immunities, powers and duties, and be subject to the same conditions, restrictions, limitations,

penalties, exclusions, exemptions and definitions of terms and employ the same modes of procedure as are prescribed in Sections 1a-1, 2 (except that the reference to State in the definition of supplier maintaining a place of business in this State shall mean the Authority), 2a, 3 through 3-50 (in respect to all provisions therein other than (i) the State rate of tax; (ii) the exemption for food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption), which is taxed at the rate as provided in this subsection; and (iii) the exemption for food prepared for immediate consumption and transferred incident to a sale of service subject to the service occupation tax by an entity that is licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the Specialized Mental Health Rehabilitation Act of 2013, the ID/DD Community Care Act, or the MC/DD Act, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act, which is taxed at the rate as provided in this subsection), 4 (except that the reference to the State shall be to the Authority), 5, 7, 8 (except that the jurisdiction to which the tax shall be a debt to the extent indicated in that Section 8 shall be the District), 9 (except as to the disposition of taxes and penalties collected, and except that

the returned merchandise credit for this tax may not be taken against any State tax, and except that the retailer's discount is not allowed for taxes paid on aviation fuel that are subject to the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 10, 11, 12 (except the reference therein to Section 2b of the Retailers' Occupation Tax Act), 13 (except that any reference to the State shall mean the District), the first paragraph of Section 15, 16, 17, 18, 19 and 20 of the Service Occupation Tax Act and Section 3-7 of the Uniform Penalty and Interest Act, as fully as if those provisions were set forth herein.

Persons subject to any tax imposed under the authority granted in this paragraph may reimburse themselves for their serviceman's tax liability hereunder by separately stating the tax as an additional charge, which charge may be stated in combination, in a single amount, with State tax that servicemen are authorized to collect under the Service Use Tax Act, in accordance with such bracket schedules as the Department may prescribe.

Whenever the Department determines that a refund should be made under this paragraph to a claimant instead of issuing a credit memorandum, the Department shall notify the State Comptroller, who shall cause the warrant to be drawn for the amount specified, and to the person named, in the notification from the Department. The refund shall be paid by the State Treasurer out of the Metro East Mass Transit District tax fund

established under paragraph (h) of this Section or the Local Government Aviation Trust Fund, as appropriate.

Nothing in this paragraph shall be construed to authorize the District to impose a tax upon the privilege of engaging in any business which under the Constitution of the United States may not be made the subject of taxation by the State.

(d) If a tax has been imposed under subsection (b), a Metro East Mass Transit District Use Tax shall also be imposed upon the privilege of using, in the district, any item of tangible personal property that is purchased outside the district at retail from a retailer, and that is titled or registered with an agency of this State's government, at a rate of 1/4%, or as authorized under subsection (d-5) of this Section, of the selling price of the tangible personal property within the District, as "selling price" is defined in the Use Tax Act. The tax shall be collected from persons whose Illinois address for titling or registration purposes is given as being in the District. The tax shall be collected by the Department of Revenue for the Metro East Mass Transit District. The tax must be paid to the State, or an exemption determination must be obtained from the Department of Revenue, before the title or certificate of registration for the property may be issued. The tax or proof of exemption may be transmitted to the Department by way of the State agency with which, or the State officer with whom, the tangible personal property must be titled or registered if the Department and the State agency or

State officer determine that this procedure will expedite the processing of applications for title or registration.

The Department shall have full power to administer and enforce this paragraph; to collect all taxes, penalties and interest due hereunder; to dispose of taxes, penalties and interest so collected in the manner hereinafter provided; and to determine all rights to credit memoranda or refunds arising on account of the erroneous payment of tax, penalty or interest hereunder. In the administration of, and compliance with, this paragraph, the Department and persons who are subject to this paragraph shall have the same rights, remedies, privileges, immunities, powers and duties, and be subject to the same conditions, restrictions, limitations, penalties, exclusions, exemptions and definitions of terms and employ the same modes of procedure, as are prescribed in Sections 2 (except the definition of "retailer maintaining a place of business in this State"), 3 through 3-80 (except provisions pertaining to the State rate of tax, and except provisions concerning collection or refunding of the tax by retailers), 4, 11, 12, 12a, 14, 15, 19 (except the portions pertaining to claims by retailers and except the last paragraph concerning refunds), 20, 21 and 22 of the Use Tax Act and Section 3-7 of the Uniform Penalty and Interest Act, that are not inconsistent with this paragraph, as fully as if those provisions were set forth herein.

Whenever the Department determines that a refund should be

made under this paragraph to a claimant instead of issuing a credit memorandum, the Department shall notify the State Comptroller, who shall cause the order to be drawn for the amount specified, and to the person named, in the notification from the Department. The refund shall be paid by the State Treasurer out of the Metro East Mass Transit District tax fund established under paragraph (h) of this Section.

(d-1) If, on January 1, 2025, a unit of local government has in effect a tax under subsections (b), (c), and (d) or if, after January 1, 2025, a unit of local government imposes a tax under subsections (b), (c), and (d), then that tax applies to leases of tangible personal property in effect, entered into, or renewed on or after that date in the same manner as the tax under this Section and in accordance with the changes made by this amendatory Act of the 103rd General Assembly.

(d-5) (A) The county board of any county participating in the Metro East Mass Transit District may authorize, by ordinance, a referendum on the question of whether the tax rates for the Metro East Mass Transit District Retailers' Occupation Tax, the Metro East Mass Transit District Service Occupation Tax, and the Metro East Mass Transit District Use Tax for the District should be increased from 0.25% to 0.75%. Upon adopting the ordinance, the county board shall certify the proposition to the proper election officials who shall submit the proposition to the voters of the District at the next election, in accordance with the general election law.

The proposition shall be in substantially the following form:

Shall the tax rates for the Metro East Mass Transit District Retailers' Occupation Tax, the Metro East Mass Transit District Service Occupation Tax, and the Metro East Mass Transit District Use Tax be increased from 0.25% to 0.75%?

(B) Two thousand five hundred electors of any Metro East Mass Transit District may petition the Chief Judge of the Circuit Court, or any judge of that Circuit designated by the Chief Judge, in which that District is located to cause to be submitted to a vote of the electors the question whether the tax rates for the Metro East Mass Transit District Retailers' Occupation Tax, the Metro East Mass Transit District Service Occupation Tax, and the Metro East Mass Transit District Use Tax for the District should be increased from 0.25% to 0.75%.

Upon submission of such petition the court shall set a date not less than 10 nor more than 30 days thereafter for a hearing on the sufficiency thereof. Notice of the filing of such petition and of such date shall be given in writing to the District and the County Clerk at least 7 days before the date of such hearing.

If such petition is found sufficient, the court shall enter an order to submit that proposition at the next election, in accordance with general election law.

The form of the petition shall be in substantially the

following form: To the Circuit Court of the County of (name of county):

We, the undersigned electors of the (name of transit district), respectfully petition your honor to submit to a vote of the electors of (name of transit district) the following proposition:

Shall the tax rates for the Metro East Mass Transit District Retailers' Occupation Tax, the Metro East Mass Transit District Service Occupation Tax, and the Metro East Mass Transit District Use Tax be increased from 0.25% to 0.75%?

Name	Address, with Street and Number.
.....	.....
.....	.....

(C) The votes shall be recorded as "YES" or "NO". If a majority of all votes cast on the proposition are for the increase in the tax rates, the Metro East Mass Transit District shall begin imposing the increased rates in the District, and the Department of Revenue shall begin collecting the increased amounts, as provided under this Section. An ordinance imposing or discontinuing a tax hereunder or effecting a change in the rate thereof shall be adopted and a certified copy thereof filed with the Department on or before the first day of October, whereupon the Department shall proceed to administer and enforce this Section as of the first day of January next following the adoption and filing, or on or

before the first day of April, whereupon the Department shall proceed to administer and enforce this Section as of the first day of July next following the adoption and filing.

(D) If the voters have approved a referendum under this subsection, before November 1, 1994, to increase the tax rate under this subsection, the Metro East Mass Transit District Board of Trustees may adopt by a majority vote an ordinance at any time before January 1, 1995 that excludes from the rate increase tangible personal property that is titled or registered with an agency of this State's government. The ordinance excluding titled or registered tangible personal property from the rate increase must be filed with the Department at least 15 days before its effective date. At any time after adopting an ordinance excluding from the rate increase tangible personal property that is titled or registered with an agency of this State's government, the Metro East Mass Transit District Board of Trustees may adopt an ordinance applying the rate increase to that tangible personal property. The ordinance shall be adopted, and a certified copy of that ordinance shall be filed with the Department, on or before October 1, whereupon the Department shall proceed to administer and enforce the rate increase against tangible personal property titled or registered with an agency of this State's government as of the following January 1. After December 31, 1995, any reimposed rate increase in effect under this subsection shall no longer apply

to tangible personal property titled or registered with an agency of this State's government. Beginning January 1, 1996, the Board of Trustees of any Metro East Mass Transit District may never reimpose a previously excluded tax rate increase on tangible personal property titled or registered with an agency of this State's government. After July 1, 2004, if the voters have approved a referendum under this subsection to increase the tax rate under this subsection, the Metro East Mass Transit District Board of Trustees may adopt by a majority vote an ordinance that excludes from the rate increase tangible personal property that is titled or registered with an agency of this State's government. The ordinance excluding titled or registered tangible personal property from the rate increase shall be adopted, and a certified copy of that ordinance shall be filed with the Department on or before October 1, whereupon the Department shall administer and enforce this exclusion from the rate increase as of the following January 1, or on or before April 1, whereupon the Department shall administer and enforce this exclusion from the rate increase as of the following July 1. The Board of Trustees of any Metro East Mass Transit District may never reimpose a previously excluded tax rate increase on tangible personal property titled or registered with an agency of this State's government.

(d-6) If the Board of Trustees of any Metro East Mass Transit District has imposed a rate increase under subsection

(d-5) and filed an ordinance with the Department of Revenue excluding titled property from the higher rate, then that Board may, by ordinance adopted with the concurrence of two-thirds of the then trustees, impose throughout the District a fee. The fee on the excluded property shall not exceed $20 per retail transaction or an amount equal to the amount of tax excluded, whichever is less, on tangible personal property that is titled or registered with an agency of this State's government. Beginning July 1, 2004, the fee shall apply only to titled property that is subject to either the Metro East Mass Transit District Retailers' Occupation Tax or the Metro East Mass Transit District Service Occupation Tax. No fee shall be imposed or collected under this subsection on the sale of a motor vehicle in this State to a resident of another state if that motor vehicle will not be titled in this State.

(d-7) Until June 30, 2004, if a fee has been imposed under subsection (d-6), a fee shall also be imposed upon the privilege of using, in the district, any item of tangible personal property that is titled or registered with any agency of this State's government, in an amount equal to the amount of the fee imposed under subsection (d-6).

(d-7.1) Beginning July 1, 2004, any fee imposed by the Board of Trustees of any Metro East Mass Transit District under subsection (d-6) and all civil penalties that may be assessed as an incident of the fees shall be collected and

enforced by the State Department of Revenue. Reference to "taxes" in this Section shall be construed to apply to the administration, payment, and remittance of all fees under this Section. For purposes of any fee imposed under subsection (d-6), 4% of the fee, penalty, and interest received by the Department in the first 12 months that the fee is collected and enforced by the Department and 2% of the fee, penalty, and interest following the first 12 months (except the amount collected on aviation fuel sold on or after December 1, 2019) shall be deposited into the Tax Compliance and Administration Fund and shall be used by the Department, subject to appropriation, to cover the costs of the Department. No retailers' discount shall apply to any fee imposed under subsection (d-6).

(d-8) No item of titled property shall be subject to both the higher rate approved by referendum, as authorized under subsection (d-5), and any fee imposed under subsection (d-6) or (d-7).

(d-9) (Blank).

(d-10) (Blank).

(e) A certificate of registration issued by the State Department of Revenue to a retailer under the Retailers' Occupation Tax Act or under the Service Occupation Tax Act shall permit the registrant to engage in a business that is taxed under the tax imposed under paragraphs (b), (c) or (d) of this Section and no additional registration shall be required

under the tax. A certificate issued under the Use Tax Act or the Service Use Tax Act shall be applicable with regard to any tax imposed under paragraph (c) of this Section.

(f) (Blank).

(g) Any ordinance imposing or discontinuing any tax under this Section shall be adopted and a certified copy thereof filed with the Department on or before June 1, whereupon the Department of Revenue shall proceed to administer and enforce this Section on behalf of the Metro East Mass Transit District as of September 1 next following such adoption and filing. Beginning January 1, 1992, an ordinance or resolution imposing or discontinuing the tax hereunder shall be adopted and a certified copy thereof filed with the Department on or before the first day of July, whereupon the Department shall proceed to administer and enforce this Section as of the first day of October next following such adoption and filing. Beginning January 1, 1993, except as provided in subsection (d-5) of this Section, an ordinance or resolution imposing or discontinuing the tax hereunder shall be adopted and a certified copy thereof filed with the Department on or before the first day of October, whereupon the Department shall proceed to administer and enforce this Section as of the first day of January next following such adoption and filing, or, beginning January 1, 2004, on or before the first day of April, whereupon the Department shall proceed to administer and enforce this Section as of the first day of July next following

the adoption and filing.

(h) Except as provided in subsection (d-7.1), the State Department of Revenue shall, upon collecting any taxes as provided in this Section, pay the taxes over to the State Treasurer as trustee for the District. The taxes shall be held in a trust fund outside the State Treasury. If an airport-related purpose has been certified, taxes and penalties collected in St. Clair County on aviation fuel sold on or after December 1, 2019 from the 0.50% of the 0.75% rate shall be immediately paid over by the Department to the State Treasurer, ex officio, as trustee, for deposit into the Local Government Aviation Trust Fund. The Department shall only pay moneys into the Local Government Aviation Trust Fund under this Act for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the District.

As soon as possible after the first day of each month, beginning January 1, 2011, upon certification of the Department of Revenue, the Comptroller shall order transferred, and the Treasurer shall transfer, to the STAR Bonds Revenue Fund the local sales tax increment, as defined in the Innovation Development and Economy Act, collected under this Section during the second preceding calendar month for sales within a STAR bond district. The Department shall make this certification only if the local mass transit district imposes a tax on real property as provided in the definition of

"local sales taxes" under the Innovation Development and Economy Act.

After the monthly transfer to the STAR Bonds Revenue Fund, on or before the 25th day of each calendar month, the State Department of Revenue shall prepare and certify to the Comptroller of the State of Illinois the amount to be paid to the District, which shall be the amount (not including credit memoranda and not including taxes and penalties collected on aviation fuel sold on or after December 1, 2019 that are deposited into the Local Government Aviation Trust Fund) collected under this Section during the second preceding calendar month by the Department plus an amount the Department determines is necessary to offset any amounts that were erroneously paid to a different taxing body, and not including any amount equal to the amount of refunds made during the second preceding calendar month by the Department on behalf of the District, and not including any amount that the Department determines is necessary to offset any amounts that were payable to a different taxing body but were erroneously paid to the District, and less any amounts that are transferred to the STAR Bonds Revenue Fund, less 1.5% of the remainder, which the Department shall transfer into the Tax Compliance and Administration Fund. The Department, at the time of each monthly disbursement to the District, shall prepare and certify to the State Comptroller the amount to be transferred into the Tax Compliance and Administration Fund under this

subsection. Within 10 days after receipt by the Comptroller of the certification of the amount to be paid to the District and the Tax Compliance and Administration Fund, the Comptroller shall cause an order to be drawn for payment for the amount in accordance with the direction in the certification.

(Source: P.A. 103-592, eff. 1-1-25.)

Section 15-20. The Regional Transportation Authority Act is amended by changing Section 4.03 as follows:

(70 ILCS 3615/4.03)

Sec. 4.03. Taxes.

(a) In order to carry out any of the powers or purposes of the Authority, the Board may, by ordinance adopted with the concurrence of 12 of the then Directors, impose throughout the metropolitan region any or all of the taxes provided in this Section. Except as otherwise provided in this Act, taxes imposed under this Section and civil penalties imposed incident thereto shall be collected and enforced by the State Department of Revenue. The Department shall have the power to administer and enforce the taxes and to determine all rights for refunds for erroneous payments of the taxes. Nothing in Public Act 95-708 is intended to invalidate any taxes currently imposed by the Authority. The increased vote requirements to impose a tax shall only apply to actions taken after January 1, 2008 (the effective date of Public Act

95-708).

(b) The Board may impose a public transportation tax upon all persons engaged in the metropolitan region in the business of selling at retail motor fuel for operation of motor vehicles upon public highways. The tax shall be at a rate not to exceed 5% of the gross receipts from the sales of motor fuel in the course of the business. As used in this Act, the term "motor fuel" shall have the same meaning as in the Motor Fuel Tax Law. The Board may provide for details of the tax. The provisions of any tax shall conform, as closely as may be practicable, to the provisions of the Municipal Retailers Occupation Tax Act, including, without limitation, conformity to penalties with respect to the tax imposed and as to the powers of the State Department of Revenue to promulgate and enforce rules and regulations relating to the administration and enforcement of the provisions of the tax imposed, except that reference in the Act to any municipality shall refer to the Authority and the tax shall be imposed only with regard to receipts from sales of motor fuel in the metropolitan region, at rates as limited by this Section.

(c) In connection with the tax imposed under paragraph (b) of this Section, the Board may impose a tax upon the privilege of using in the metropolitan region motor fuel for the operation of a motor vehicle upon public highways, the tax to be at a rate not in excess of the rate of tax imposed under paragraph (b) of this Section. The Board may provide for

details of the tax.

(d) The Board may impose a motor vehicle parking tax upon the privilege of parking motor vehicles at off-street parking facilities in the metropolitan region at which a fee is charged, and may provide for reasonable classifications in and exemptions to the tax, for administration and enforcement thereof and for civil penalties and refunds thereunder and may provide criminal penalties thereunder, the maximum penalties not to exceed the maximum criminal penalties provided in the Retailers' Occupation Tax Act. The Authority may collect and enforce the tax itself or by contract with any unit of local government. The State Department of Revenue shall have no responsibility for the collection and enforcement unless the Department agrees with the Authority to undertake the collection and enforcement. As used in this paragraph, the term "parking facility" means a parking area or structure having parking spaces for more than 2 vehicles at which motor vehicles are permitted to park in return for an hourly, daily, or other periodic fee, whether publicly or privately owned, but does not include parking spaces on a public street, the use of which is regulated by parking meters.

(e) The Board may impose a Regional Transportation Authority Retailers' Occupation Tax upon all persons engaged in the business of selling tangible personal property at retail in the metropolitan region. In Cook County, the tax rate shall be 1.25% of the gross receipts from sales of food

for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption) and tangible personal property taxed at the 1% rate under the Retailers' Occupation Tax Act, and 1% of the gross receipts from other taxable sales made in the course of that business. In DuPage, Kane, Lake, McHenry, and Will counties, the tax rate shall be 0.75% of the gross receipts from all taxable sales made in the course of that business, including sales of food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption). The rate of tax imposed in DuPage, Kane, Lake, McHenry, and Will counties under this Section on sales of aviation fuel on or after December 1, 2019 shall, however, be 0.25% unless the Regional Transportation Authority in DuPage, Kane, Lake, McHenry, and Will counties has an "airport-related purpose" and the additional 0.50% of the 0.75% tax on aviation fuel is expended for airport-related purposes. If there is no airport-related purpose to which aviation fuel tax revenue is dedicated, then aviation fuel is excluded from the additional 0.50% of the 0.75% tax. The tax imposed under this Section and all civil penalties that may be assessed as an incident thereof shall be collected and

enforced by the State Department of Revenue. The Department shall have full power to administer and enforce this Section; to collect all taxes and penalties so collected in the manner hereinafter provided; and to determine all rights to credit memoranda arising on account of the erroneous payment of tax or penalty hereunder. In the administration of, and compliance with this Section, the Department and persons who are subject to this Section shall have the same rights, remedies, privileges, immunities, powers, and duties, and be subject to the same conditions, restrictions, limitations, penalties, exclusions, exemptions, and definitions of terms, and employ the same modes of procedure, as are prescribed in Sections 1, 1a, 1a-1, 1c, 1d, 1e, 1f, 1i, 1j, 2 through 2-65 (in respect to all provisions therein other than the State rate of tax and other than the exemption for food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption), which is taxed at the rate as provided in this subsection), 2c, 3 (except as to the disposition of taxes and penalties collected, and except that the retailer's discount is not allowed for taxes paid on aviation fuel that are subject to the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 12, and 13 of the Retailers' Occupation Tax Act and

Section 3-7 of the Uniform Penalty and Interest Act, as fully as if those provisions were set forth herein.

The Board and DuPage, Kane, Lake, McHenry, and Will counties must comply with the certification requirements for airport-related purposes under Section 2-22 of the Retailers' Occupation Tax Act. For purposes of this Section, "airport-related purposes" has the meaning ascribed in Section 6z-20.2 of the State Finance Act. This exclusion for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the Authority.

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

Whenever the Department determines that a refund should be made under this Section to a claimant instead of issuing a credit memorandum, the Department shall notify the State Comptroller, who shall cause the warrant to be drawn for the amount specified, and to the person named, in the notification from the Department. The refund shall be paid by the State Treasurer out of the Regional Transportation Authority tax fund established under paragraph (n) of this Section or the

Local Government Aviation Trust Fund, as appropriate.

If a tax is imposed under this subsection (e), a tax shall also be imposed under subsections (f) and (g) of this Section.

For the purpose of determining whether a tax authorized under this Section is applicable, a retail sale by a producer of coal or other mineral mined in Illinois, is a sale at retail at the place where the coal or other mineral mined in Illinois is extracted from the earth. This paragraph does not apply to coal or other mineral when it is delivered or shipped by the seller to the purchaser at a point outside Illinois so that the sale is exempt under the Federal Constitution as a sale in interstate or foreign commerce.

No tax shall be imposed or collected under this subsection on the sale of a motor vehicle in this State to a resident of another state if that motor vehicle will not be titled in this State.

Nothing in this Section shall be construed to authorize the Regional Transportation Authority to impose a tax upon the privilege of engaging in any business that under the Constitution of the United States may not be made the subject of taxation by this State.

(f) If a tax has been imposed under paragraph (e), a Regional Transportation Authority Service Occupation Tax shall also be imposed upon all persons engaged~~,~~ in the metropolitan region in the business of making sales of service~~,~~ who~~,~~ as an incident to making the sales of service, transfer tangible

personal property within the metropolitan region, either in the form of tangible personal property or in the form of real estate as an incident to a sale of service. In Cook County, the tax rate shall be: (1) 1.25% of the serviceman's cost price of food prepared for immediate consumption and transferred incident to a sale of service subject to the service occupation tax by an entity that is located in the metropolitan region and that is licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the Specialized Mental Health Rehabilitation Act of 2013, the ID/DD Community Care Act, the MC/DD Act, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act; (2) 1.25% of the selling price of food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption) and tangible personal property taxed at the 1% rate under the Service Occupation Tax Act; and (3) 1% of the selling price from other taxable sales of tangible personal property transferred. In DuPage, Kane, Lake, McHenry, and Will counties, the rate shall be (1) 0.75% of the selling price of all tangible personal property transferred, including food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with

adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption); and (2) 0.75% of the serviceman's cost price of food prepared for immediate consumption and transferred incident to a sale of service subject to the service occupation tax by an entity that is located in the metropolitan region and that is licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the Specialized Mental Health Rehabilitation Act of 2013, the ID/DD Community Care Act, or the MC/DD Act, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act. The rate of tax imposed in DuPage, Kane, Lake, McHenry, and Will counties under this Section on sales of aviation fuel on or after December 1, 2019 shall, however, be 0.25% unless the Regional Transportation Authority in DuPage, Kane, Lake, McHenry, and Will counties has an "airport-related purpose" and the additional 0.50% of the 0.75% tax on aviation fuel is expended for airport-related purposes. If there is no airport-related purpose to which aviation fuel tax revenue is dedicated, then aviation fuel is excluded from the additional 0.5% of the 0.75% tax.

The Board and DuPage, Kane, Lake, McHenry, and Will counties must comply with the certification requirements for airport-related purposes under Section 2-22 of the Retailers' Occupation Tax Act. For purposes of this Section, "airport-related purposes" has the meaning ascribed in Section

6z-20.2 of the State Finance Act. This exclusion for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the Authority.

The tax imposed under this paragraph and all civil penalties that may be assessed as an incident thereof shall be collected and enforced by the State Department of Revenue. The Department shall have full power to administer and enforce this paragraph; to collect all taxes and penalties due hereunder; to dispose of taxes and penalties collected in the manner hereinafter provided; and to determine all rights to credit memoranda arising on account of the erroneous payment of tax or penalty hereunder. In the administration of and compliance with this paragraph, the Department and persons who are subject to this paragraph shall have the same rights, remedies, privileges, immunities, powers, and duties, and be subject to the same conditions, restrictions, limitations, penalties, exclusions, exemptions, and definitions of terms, and employ the same modes of procedure, as are prescribed in Sections 1a-1, 2, 2a, 3 through 3-50 (in respect to all provisions therein other than (i) the State rate of tax; (ii) the exemption for food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption), which is taxed at the

rate as provided in this subsection; and (iii) the exemption for food prepared for immediate consumption and transferred incident to a sale of service subject to the service occupation tax by an entity that is licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the Specialized Mental Health Rehabilitation Act of 2013, the ID/DD Community Care Act, or the MC/DD Act, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act, which is taxed at the rate as provided in this subsection), 4 (except that the reference to the State shall be to the Authority), 5, 7, 8 (except that the jurisdiction to which the tax shall be a debt to the extent indicated in that Section 8 shall be the Authority), 9 (except as to the disposition of taxes and penalties collected, and except that the returned merchandise credit for this tax may not be taken against any State tax, and except that the retailer's discount is not allowed for taxes paid on aviation fuel that are subject to the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 10, 11, 12 (except the reference therein to Section 2b of the Retailers' Occupation Tax Act), 13 (except that any reference to the State shall mean the Authority), the first paragraph of Section 15, 16, 17, 18, 19, and 20 of the Service Occupation Tax Act and Section 3-7 of the Uniform Penalty and Interest Act, as fully as if those provisions were set forth herein.

Persons subject to any tax imposed under the authority granted in this paragraph may reimburse themselves for their serviceman's tax liability hereunder by separately stating the tax as an additional charge, that charge may be stated in combination in a single amount with State tax that servicemen are authorized to collect under the Service Use Tax Act, under any bracket schedules the Department may prescribe.

Whenever the Department determines that a refund should be made under this paragraph to a claimant instead of issuing a credit memorandum, the Department shall notify the State Comptroller, who shall cause the warrant to be drawn for the amount specified, and to the person named in the notification from the Department. The refund shall be paid by the State Treasurer out of the Regional Transportation Authority tax fund established under paragraph (n) of this Section or the Local Government Aviation Trust Fund, as appropriate.

Nothing in this paragraph shall be construed to authorize the Authority to impose a tax upon the privilege of engaging in any business that under the Constitution of the United States may not be made the subject of taxation by the State.

(g) If a tax has been imposed under paragraph (e), a tax shall also be imposed upon the privilege of using in the metropolitan region, any item of tangible personal property that is purchased outside the metropolitan region at retail from a retailer, and that is titled or registered with an agency of this State's government. In Cook County, the tax

rate shall be 1% of the selling price of the tangible personal property, as "selling price" is defined in the Use Tax Act. In DuPage, Kane, Lake, McHenry, and Will counties, the tax rate shall be 0.75% of the selling price of the tangible personal property, as "selling price" is defined in the Use Tax Act. The tax shall be collected from persons whose Illinois address for titling or registration purposes is given as being in the metropolitan region. The tax shall be collected by the Department of Revenue for the Regional Transportation Authority. The tax must be paid to the State, or an exemption determination must be obtained from the Department of Revenue, before the title or certificate of registration for the property may be issued. The tax or proof of exemption may be transmitted to the Department by way of the State agency with which, or the State officer with whom, the tangible personal property must be titled or registered if the Department and the State agency or State officer determine that this procedure will expedite the processing of applications for title or registration.

The Department shall have full power to administer and enforce this paragraph; to collect all taxes, penalties, and interest due hereunder; to dispose of taxes, penalties, and interest collected in the manner hereinafter provided; and to determine all rights to credit memoranda or refunds arising on account of the erroneous payment of tax, penalty, or interest hereunder. In the administration of and compliance with this

paragraph, the Department and persons who are subject to this paragraph shall have the same rights, remedies, privileges, immunities, powers, and duties, and be subject to the same conditions, restrictions, limitations, penalties, exclusions, exemptions, and definitions of terms and employ the same modes of procedure, as are prescribed in Sections 2 (except the definition of "retailer maintaining a place of business in this State"), 3 through 3-80 (except provisions pertaining to the State rate of tax, and except provisions concerning collection or refunding of the tax by retailers), 4, 11, 12, 12a, 14, 15, 19 (except the portions pertaining to claims by retailers and except the last paragraph concerning refunds), 20, 21, and 22 of the Use Tax Act, and are not inconsistent with this paragraph, as fully as if those provisions were set forth herein.

Whenever the Department determines that a refund should be made under this paragraph to a claimant instead of issuing a credit memorandum, the Department shall notify the State Comptroller, who shall cause the order to be drawn for the amount specified, and to the person named in the notification from the Department. The refund shall be paid by the State Treasurer out of the Regional Transportation Authority tax fund established under paragraph (n) of this Section.

(g-5) If, on January 1, 2025, a unit of local government has in effect a tax under subsections (e), (f), and (g), or if, after January 1, 2025, a unit of local government imposes a tax

under subsections (e), (f), and (g), then that tax applies to leases of tangible personal property in effect, entered into, or renewed on or after that date in the same manner as the tax under this Section and in accordance with the changes made by Public Act 103-592 ~~this amendatory Act of the 103rd General Assembly~~.

(h) The Authority may impose a replacement vehicle tax of $50 on any passenger car as defined in Section 1-157 of the Illinois Vehicle Code purchased within the metropolitan region by or on behalf of an insurance company to replace a passenger car of an insured person in settlement of a total loss claim. The tax imposed may not become effective before the first day of the month following the passage of the ordinance imposing the tax and receipt of a certified copy of the ordinance by the Department of Revenue. The Department of Revenue shall collect the tax for the Authority in accordance with Sections 3-2002 and 3-2003 of the Illinois Vehicle Code.

The Department shall immediately pay over to the State Treasurer, ex officio, as trustee, all taxes collected hereunder.

As soon as possible after the first day of each month, beginning January 1, 2011, upon certification of the Department of Revenue, the Comptroller shall order transferred, and the Treasurer shall transfer, to the STAR Bonds Revenue Fund the local sales tax increment, as defined in the Innovation Development and Economy Act, collected under

this Section during the second preceding calendar month for sales within a STAR bond district.

After the monthly transfer to the STAR Bonds Revenue Fund, on or before the 25th day of each calendar month, the Department shall prepare and certify to the Comptroller the disbursement of stated sums of money to the Authority. The amount to be paid to the Authority shall be the amount collected hereunder during the second preceding calendar month by the Department, less any amount determined by the Department to be necessary for the payment of refunds, and less any amounts that are transferred to the STAR Bonds Revenue Fund. Within 10 days after receipt by the Comptroller of the disbursement certification to the Authority provided for in this Section to be given to the Comptroller by the Department, the Comptroller shall cause the orders to be drawn for that amount in accordance with the directions contained in the certification.

(i) The Board may not impose any other taxes except as it may from time to time be authorized by law to impose.

(j) A certificate of registration issued by the State Department of Revenue to a retailer under the Retailers' Occupation Tax Act or under the Service Occupation Tax Act shall permit the registrant to engage in a business that is taxed under the tax imposed under paragraphs (b), (e), (f) or (g) of this Section and no additional registration shall be required under the tax. A certificate issued under the Use Tax

Act or the Service Use Tax Act shall be applicable with regard to any tax imposed under paragraph (c) of this Section.

(k) The provisions of any tax imposed under paragraph (c) of this Section shall conform as closely as may be practicable to the provisions of the Use Tax Act, including, without limitation, conformity as to penalties with respect to the tax imposed and as to the powers of the State Department of Revenue to promulgate and enforce rules and regulations relating to the administration and enforcement of the provisions of the tax imposed. The taxes shall be imposed only on use within the metropolitan region and at rates as provided in the paragraph.

(l) The Board in imposing any tax as provided in paragraphs (b) and (c) of this Section, shall, after seeking the advice of the State Department of Revenue, provide means for retailers, users or purchasers of motor fuel for purposes other than those with regard to which the taxes may be imposed as provided in those paragraphs to receive refunds of taxes improperly paid, which provisions may be at variance with the refund provisions as applicable under the Municipal Retailers Occupation Tax Act. The State Department of Revenue may provide for certificates of registration for users or purchasers of motor fuel for purposes other than those with regard to which taxes may be imposed as provided in paragraphs (b) and (c) of this Section to facilitate the reporting and nontaxability of the exempt sales or uses.

(m) Any ordinance imposing or discontinuing any tax under

this Section shall be adopted and a certified copy thereof filed with the Department on or before June 1, whereupon the Department of Revenue shall proceed to administer and enforce this Section on behalf of the Regional Transportation Authority as of September 1 next following such adoption and filing. Beginning January 1, 1992, an ordinance or resolution imposing or discontinuing the tax hereunder shall be adopted and a certified copy thereof filed with the Department on or before the first day of July, whereupon the Department shall proceed to administer and enforce this Section as of the first day of October next following such adoption and filing. Beginning January 1, 1993, an ordinance or resolution imposing, increasing, decreasing, or discontinuing the tax hereunder shall be adopted and a certified copy thereof filed with the Department, whereupon the Department shall proceed to administer and enforce this Section as of the first day of the first month to occur not less than 60 days following such adoption and filing. Any ordinance or resolution of the Authority imposing a tax under this Section and in effect on August 1, 2007 shall remain in full force and effect and shall be administered by the Department of Revenue under the terms and conditions and rates of tax established by such ordinance or resolution until the Department begins administering and enforcing an increased tax under this Section as authorized by Public Act 95-708. The tax rates authorized by Public Act 95-708 are effective only if imposed by ordinance of the

Authority.

(n) Except as otherwise provided in this subsection (n), the State Department of Revenue shall, upon collecting any taxes as provided in this Section, pay the taxes over to the State Treasurer as trustee for the Authority. The taxes shall be held in a trust fund outside the State Treasury. If an airport-related purpose has been certified, taxes and penalties collected in DuPage, Kane, Lake, McHenry and Will counties on aviation fuel sold on or after December 1, 2019 from the 0.50% of the 0.75% rate shall be immediately paid over by the Department to the State Treasurer, ex officio, as trustee, for deposit into the Local Government Aviation Trust Fund. The Department shall only pay moneys into the Local Government Aviation Trust Fund under this Act for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the Authority. On or before the 25th day of each calendar month, the State Department of Revenue shall prepare and certify to the Comptroller of the State of Illinois and to the Authority (i) the amount of taxes collected in each county other than Cook County in the metropolitan region, (not including, if an airport-related purpose has been certified, the taxes and penalties collected from the 0.50% of the 0.75% rate on aviation fuel sold on or after December 1, 2019 that are deposited into the Local Government Aviation Trust Fund) (ii) the amount of taxes collected within the City of Chicago, and (iii) the amount

collected in that portion of Cook County outside of Chicago, each amount less the amount necessary for the payment of refunds to taxpayers located in those areas described in items (i), (ii), and (iii), and less 1.5% of the remainder, which shall be transferred from the trust fund into the Tax Compliance and Administration Fund. The Department, at the time of each monthly disbursement to the Authority, shall prepare and certify to the State Comptroller the amount to be transferred into the Tax Compliance and Administration Fund under this subsection. Within 10 days after receipt by the Comptroller of the certification of the amounts, the Comptroller shall cause an order to be drawn for the transfer of the amount certified into the Tax Compliance and Administration Fund and the payment of two-thirds of the amounts certified in item (i) of this subsection to the Authority and one-third of the amounts certified in item (i) of this subsection to the respective counties other than Cook County and the amount certified in items (ii) and (iii) of this subsection to the Authority.

In addition to the disbursement required by the preceding paragraph, an allocation shall be made in July 1991 and each year thereafter to the Regional Transportation Authority. The allocation shall be made in an amount equal to the average monthly distribution during the preceding calendar year (excluding the 2 months of lowest receipts) and the allocation shall include the amount of average monthly distribution from

the Regional Transportation Authority Occupation and Use Tax Replacement Fund. The distribution made in July 1992 and each year thereafter under this paragraph and the preceding paragraph shall be reduced by the amount allocated and disbursed under this paragraph in the preceding calendar year. The Department of Revenue shall prepare and certify to the Comptroller for disbursement the allocations made in accordance with this paragraph.

(o) Failure to adopt a budget ordinance or otherwise to comply with Section 4.01 of this Act or to adopt a Five-year Capital Program or otherwise to comply with paragraph (b) of Section 2.01 of this Act shall not affect the validity of any tax imposed by the Authority otherwise in conformity with law.

(p) At no time shall a public transportation tax or motor vehicle parking tax authorized under paragraphs (b), (c), and (d) of this Section be in effect at the same time as any retailers' occupation, use or service occupation tax authorized under paragraphs (e), (f), and (g) of this Section is in effect.

Any taxes imposed under the authority provided in paragraphs (b), (c), and (d) shall remain in effect only until the time as any tax authorized by paragraph (e), (f), or (g) of this Section is ~~are~~ imposed and becomes effective. Once any tax authorized by paragraph (e), (f), or (g) is imposed the Board may not reimpose taxes as authorized in paragraphs (b), (c), and (d) of the Section unless any tax authorized by

paragraph (e), (f), or (g) of this Section becomes ineffective by means other than an ordinance of the Board.

(q) Any existing rights, remedies and obligations (including enforcement by the Regional Transportation Authority) arising under any tax imposed under paragraph (b), (c), or (d) of this Section shall not be affected by the imposition of a tax under paragraph (e), (f), or (g) of this Section.

(Source: P.A. 102-700, eff. 4-19-22; 103-592, eff. 1-1-25; 103-781, eff. 8-5-24; revised 11-26-24.)

ARTICLE 20

Section 20-5. The Department of Human Services Act is amended by adding Section 1-55 as follows:

(20 ILCS 1305/1-55 new)

Sec. 1-55. 9-8-8 National Suicide Prevention Lifeline System and Statewide 9-8-8 Trust Fund.

(a) The Department of Human Services is authorized to implement and administer the 9-8-8 National Suicide Prevention Lifeline system in compliance with the National Suicide Hotline Designation Act of 2020 as codified in 47 U.S.C. 251 and 251a and any subsequent amendments, the Federal Communication Commission's rules adopted to administer the National Suicide Hotline Designation Act of 2020 and any

subsequent amendments, and national guidelines for crisis care.

(b) The Department is authorized to collaborate with other State agencies and stakeholders to implement and administer the 9-8-8 National Suicide Prevention Lifeline system.

(c) The Department is authorized to administer the Statewide 9-8-8 Trust Fund pursuant to Section 6z-134 of the State Finance Act.

Section 20-10. The State Finance Act is amended by changing Section 6z-134 as follows:

(30 ILCS 105/6z-134)

Sec. 6z-134. Statewide 9-8-8 Trust Fund.

(a) The Statewide 9-8-8 Trust Fund is created as a special fund in the State treasury. This Fund is administered by the Department of Human Services. Moneys in the Fund shall be used by the Department of Human Services for the purposes of establishing and maintaining a statewide 9-8-8 suicide prevention and mental health crisis system pursuant to the National Suicide Hotline Designation Act of 2020 as codified in 47 U.S.C. 251 and 251a and any subsequent amendments, the Federal Communication Commission's rules adopted to administer the National Suicide Hotline Designation Act of 2020 as codified in 47 U.S.C. 251 and 251a and any subsequent amendments ~~on July 16, 2020~~, and national guidelines for

crisis care. The Fund shall consist of:

(1) appropriations by the General Assembly;

(2) grants and gifts intended for deposit in the Fund;

(3) interest, premiums, gains, or other earnings on the Fund;

(3.1) proceeds from the statewide 9-8-8 surcharge imposed under Sections 3 and 4 of the Telecommunication Excise Tax Act; and

(4) moneys received from any other source that are deposited in or transferred into the Fund.

(b) Moneys in the Fund:

(1) do not revert at the end of any State fiscal year but remain available for the purposes of the Fund in subsequent State fiscal years; ~~and~~

(2) are not subject to transfer to any other Fund or to transfer, assignment, or reassignment for any other use or purpose outside of those specified in this Section; and ~~.~~

(3) shall be used by the Department of Human Services to pay expenses pursuant to 47 U.S.C. 251a.

(c) An annual report of Fund deposits and expenditures shall be made to the General Assembly and the Federal Communications Commission by the Department of Human Services pursuant to 47 U.S.C. 251a.

(d) (Blank).

(e) For the purposes of this Section, "statewide 9-8-8 suicide prevention and mental health crisis system" means the

core elements or pillars of the crisis system, as described by the Substance Abuse and Mental Health Services Administration, and includes Illinois' 9-8-8 Lifeline Contact Centers, community crisis response services, including mobile crisis teams, and crisis receiving and stabilization facilities and programs, including Living Room Programs.

(Source: P.A. 102-699, eff. 4-19-22; 102-1115, eff. 1-9-23.)

Section 20-15. The Telecommunications Excise Tax Act is amended by changing Sections 2, 3, 4, and 6 as follows:

(35 ILCS 630/2) (from Ch. 120, par. 2002)

Sec. 2. As used in this Article, unless the context clearly requires otherwise:

(a) "Gross charge" means the amount paid for the act or privilege of originating or receiving telecommunications in this State and for all services and equipment provided in connection therewith by a retailer, valued in money whether paid in money or otherwise, including cash, credits, services, and property of every kind or nature, and shall be determined without any deduction on account of the cost of such telecommunications, the cost of materials used, labor or service costs, or any other expense whatsoever. In case credit is extended, the amount thereof shall be included only as and when paid. "Gross charges" for private line service shall include charges imposed at each channel termination point

within this State, charges for the channel mileage between each channel termination point within this State, and charges for that portion of the interstate inter-office channel provided within Illinois. Charges for that portion of the interstate inter-office channel provided in Illinois shall be determined by the retailer as follows: (i) for interstate inter-office channels having 2 channel termination points, only one of which is in Illinois, 50% of the total charge imposed; or (ii) for interstate inter-office channels having more than 2 channel termination points, one or more of which are in Illinois, an amount equal to the total charge multiplied by a fraction, the numerator of which is the number of channel termination points within Illinois and the denominator of which is the total number of channel termination points. Prior to January 1, 2004, any method consistent with this paragraph or other method that reasonably apportions the total charges for interstate inter-office channels among the states in which channel terminations points are located shall be accepted as a reasonable method to determine the charges for that portion of the interstate inter-office channel provided within Illinois for that period. However, "gross charges" shall not include any of the following:

(1) Any amounts added to a purchaser's bill because of a charge made pursuant to (i) the tax imposed by this Article; (ii) charges added to customers' bills pursuant

to the provisions of Section ~~Sections~~ 9-221 or 9-222 of the Public Utilities Act, as amended, or any similar charges added to customers' bills by retailers who are not subject to rate regulation by the Illinois Commerce Commission for the purpose of recovering any of the tax liabilities or other amounts specified in such provisions of such Act; (iii) the tax imposed by Section 4251 of the Internal Revenue Code; (iv) 911 surcharges; or (v) the tax imposed by the Simplified Municipal Telecommunications Tax Act.

(2) Charges for a sent collect telecommunication received outside of the State.

(3) Charges for leased time on equipment or charges for the storage of data or information for subsequent retrieval or the processing of data or information intended to change its form or content. Such equipment includes, but is not limited to, the use of calculators, computers, data processing equipment, tabulating equipment, or accounting equipment and also includes the usage of computers under a time-sharing agreement.

(4) Charges for customer equipment, including such equipment that is leased or rented by the customer from any source, wherein such charges are disaggregated and separately identified from other charges.

(5) Charges to business enterprises certified under Section 9-222.1 of the Public Utilities Act, as amended,

or under Section 95 of the Reimagining Energy and Vehicles in Illinois Act, to the extent of such exemption and during the period of time specified by the Department of Commerce and Economic Opportunity.

(5.1) Charges to business enterprises certified under the Manufacturing Illinois Chips for Real Opportunity (MICRO) Act, to the extent of the exemption and during the period of time specified by the Department of Commerce and Economic Opportunity.

(5.2) Charges to entities certified under Section 605-1115 of the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois to the extent of the exemption and during the period of time specified by the Department of Commerce and Economic Opportunity.

(6) Charges for telecommunications and all services and equipment provided in connection therewith between a parent corporation and its wholly owned subsidiaries or between wholly owned subsidiaries when the tax imposed under this Article has already been paid to a retailer and only to the extent that the charges between the parent corporation and wholly owned subsidiaries or between wholly owned subsidiaries represent expense allocation between the corporations and not the generation of profit for the corporation rendering such service.

(7) Bad debts. Bad debt means any portion of a debt

that is related to a sale at retail for which gross charges are not otherwise deductible or excludable that has become worthless or uncollectable, as determined under applicable federal income tax standards. If the portion of the debt deemed to be bad is subsequently paid, the retailer shall report and pay the tax on that portion during the reporting period in which the payment is made.

(8) Charges paid by inserting coins in coin-operated telecommunication devices.

(9) Amounts paid by telecommunications retailers under the Telecommunications Municipal Infrastructure Maintenance Fee Act.

(10) Charges for nontaxable services or telecommunications if (i) those charges are aggregated with other charges for telecommunications that are taxable, (ii) those charges are not separately stated on the customer bill or invoice, and (iii) the retailer can reasonably identify the nontaxable charges on the retailer's books and records kept in the regular course of business. If the nontaxable charges cannot reasonably be identified, the gross charge from the sale of both taxable and nontaxable services or telecommunications billed on a combined basis shall be attributed to the taxable services or telecommunications. The burden of proving nontaxable charges shall be on the retailer of the telecommunications.

(b) "Amount paid" means the amount charged to the taxpayer's service address in this State regardless of where such amount is billed or paid.

(c) "Telecommunications", in addition to the meaning ordinarily and popularly ascribed to it, includes, without limitation, messages or information transmitted through use of local, toll, and wide area telephone service; private line services; channel services; telegraph services; teletypewriter; computer exchange services; cellular mobile telecommunications service; specialized mobile radio; stationary 2-way ~~two-way~~ radio; paging service; or any other form of mobile and portable one-way or 2-way ~~two-way~~ communications; or any other transmission of messages or information by electronic or similar means, between or among points by wire, cable, fiber optics ~~fiber optics~~, laser, microwave, radio, satellite, or similar facilities. As used in this Act, "private line" means a dedicated non-traffic sensitive service for a single customer, that entitles the customer to exclusive or priority use of a communications channel or group of channels, from one or more specified locations to one or more other specified locations. The definition of "telecommunications" shall not include value added services in which computer processing applications are used to act on the form, content, code, and protocol of the information for purposes other than transmission. "Telecommunications" shall not include purchases of

telecommunications by a telecommunications service provider for use as a component part of the service provided by him to the ultimate retail consumer who originates or terminates the taxable end-to-end communications. Carrier access charges, right of access charges, charges for use of inter-company facilities, and all telecommunications resold in the subsequent provision of, used as a component of, or integrated into end-to-end telecommunications service shall be non-taxable as sales for resale.

(d) "Interstate telecommunications" means all telecommunications that either originate or terminate outside this State.

(e) "Intrastate telecommunications" means all telecommunications that originate and terminate within this State.

(f) "Department" means the Department of Revenue of the State of Illinois.

(g) "Director" means the Director of Revenue for the Department of Revenue of the State of Illinois.

(h) "Taxpayer" means a person who individually or through his agents, employees, or permittees engages in the act or privilege of originating or receiving telecommunications in this State and who incurs a tax liability under this Article.

(i) "Person" means any natural individual, firm, trust, estate, partnership, association, joint stock company, joint venture, corporation, limited liability company, or a

receiver, trustee, guardian or other representative appointed by order of any court, the federal ~~Federal~~ and State governments, including State universities created by statute or any city, town, county, or other political subdivision of this State.

(j) "Purchase at retail" means the acquisition, consumption, or use of telecommunication through a sale at retail.

(k) "Sale at retail" means the transmitting, supplying, or furnishing of telecommunications and all services and equipment provided in connection therewith for a consideration to persons other than the federal ~~Federal~~ and State governments, and State universities created by statute and other than between a parent corporation and its wholly owned subsidiaries or between wholly owned subsidiaries for their use or consumption and not for resale.

(l) "Retailer" means and includes every person engaged in the business of making sales at retail as defined in this Article. The Department may, in its discretion, upon application, authorize the collection of the tax hereby imposed by any retailer not maintaining a place of business within this State, who, to the satisfaction of the Department, furnishes adequate security to insure collection and payment of the tax. Such retailer shall be issued, without charge, a permit to collect such tax. When so authorized, it shall be the duty of such retailer to collect the tax upon all of the gross

charges for telecommunications in this State in the same manner and subject to the same requirements as a retailer maintaining a place of business within this State. The permit may be revoked by the Department at its discretion.

(m) "Retailer maintaining a place of business in this State", or any like term, means and includes any retailer having or maintaining within this State, directly or by a subsidiary, an office, distribution facilities, transmission facilities, sales office, warehouse or other place of business, or any agent or other representative operating within this State under the authority of the retailer or its subsidiary, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether such retailer or subsidiary is licensed to do business in this State.

(n) "Service address" means the location of telecommunications equipment from which the telecommunications services are originated or at which telecommunications services are received by a taxpayer. In the event this may not be a defined location, as in the case of mobile phones, paging systems, maritime systems, "service address" means the customer's place of primary use as defined in the Mobile Telecommunications Sourcing Conformity Act. For air-to-ground systems and the like, "service address" shall mean the location of a taxpayer's primary use of the telecommunications equipment as defined by telephone number, authorization code,

or location in Illinois where bills are sent.

(o) "Prepaid telephone calling arrangements" mean the right to exclusively purchase telephone or telecommunications services that must be paid for in advance and enable the origination of one or more intrastate, interstate, or international telephone calls or other telecommunications using an access number, an authorization code, or both, whether manually or electronically dialed, for which payment to a retailer must be made in advance, provided that, unless recharged, no further service is provided once that prepaid amount of service has been consumed. Prepaid telephone calling arrangements include the recharge of a prepaid calling arrangement. For purposes of this subsection, "recharge" means the purchase of additional prepaid telephone or telecommunications services whether or not the purchaser acquires a different access number or authorization code. "Prepaid telephone calling arrangement" does not include an arrangement whereby a customer purchases a payment card and pursuant to which the service provider reflects the amount of such purchase as a credit on an invoice issued to that customer under an existing subscription plan.

(p) "9-8-8" means the universal telephone number within United States for the purpose of the national suicide prevention and mental health crisis hotline system operating through the National Suicide Prevention Lifeline maintained by the Assistant Secretary for Mental Health and Substance Use

under Section 520E-3 of the Public Health Service Act (42 U.S.C. 290bb-36c) and through the Veterans Crisis Line maintained by the Secretary of Veterans Affairs under 38 U.S.C. 1720F(h).

(Source: P.A. 102-669, eff. 11-16-21; 102-700, eff. 4-19-22; 102-1125, eff. 2-3-23; 103-595, eff. 6-26-24; revised 10-21-24.)

(35 ILCS 630/3) (from Ch. 120, par. 2003)

Sec. 3. Tax imposed; intrastate telecommunications.

(a) Until December 31, 1997, a tax is imposed upon the act or privilege of originating or receiving intrastate telecommunications by a person in this State at the rate of 5% of the gross charge for such telecommunications purchased at retail from a retailer by such person.

(b) Beginning January 1, 1998 and through June 30, 2025, a tax is imposed upon the act or privilege of originating in this State or receiving in this State intrastate telecommunications by a person in this State at the rate of 7% of the gross charge for such telecommunications purchased at retail from a retailer by such person. However, such tax is not imposed on the act or privilege to the extent such act or privilege may not, under the Constitution and statutes of the United States, be made the subject of taxation by the State.

(c) Beginning July 1, 2025, a tax is imposed upon the act or privilege of originating in this State or receiving in this

State intrastate telecommunications by a person in this State at the rate of 8.65% of the gross charge for such telecommunications purchased at retail from a retailer by that person. However, the tax is not imposed on the act or privilege to the extent the act or privilege may not, under the Constitution and statutes of the United States, be made the subject of taxation by the State. The 1.65% increase in the rate from 7% to 8.65% under this amendatory Act of the 104th General Assembly shall be designated as the statewide 9-8-8 surcharge and is established to support and enhance the 9-8-8 Suicide and Crisis Lifeline in compliance with the National Suicide Hotline Designation Act of 2020 as codified in 47 U.S.C. 251 and 251a.

(d) Beginning January 1, 2001, prepaid telephone calling arrangements shall not be considered telecommunications subject to the tax imposed under this Act.

(Source: P.A. 90-548, eff. 12-4-97; 91-870, eff. 6-22-00.)

(35 ILCS 630/4) (from Ch. 120, par. 2004)

Sec. 4. Tax imposed; interstate telecommunications.

(a) Until December 31, 1997, a tax is imposed upon the act or privilege of originating in this State or receiving in this State interstate telecommunications by a person in this State at the rate of 5% of the gross charge for such telecommunications purchased at retail from a retailer by such person.

(b) Beginning January 1, 1998 and through June 30, 2025, a tax is imposed upon the act or privilege of originating in this State or receiving in this State interstate telecommunications by a person in this State at the rate of 7% of the gross charge for such telecommunications purchased at retail from a retailer by such person. To prevent actual multi-state taxation of the act or privilege that is subject to taxation under this paragraph, any taxpayer, upon proof that that taxpayer has paid a tax in another state on such event, shall be allowed a credit against the tax imposed in this Section 4 to the extent of the amount of such tax properly due and paid in such other state. However, such tax is not imposed on the act or privilege to the extent such act or privilege may not, under the Constitution and statutes of the United States, be made the subject of taxation by the State.

(c) Beginning July 1, 2025, a tax is imposed upon the act or privilege of originating in this State or receiving in this State interstate telecommunications by a person in this State at the rate of 8.65% of the gross charge for such telecommunications purchased at retail from a retailer by that person. To prevent actual multistate taxation of the act or privilege that is subject to taxation under this paragraph, any taxpayer, upon proof that the taxpayer has paid a tax in another state on the event, shall be allowed a credit against the tax imposed in this Section to the extent of the amount of such tax properly due and paid in the other state. However,

such tax is not imposed on the act or privilege to the extent the act or privilege may not, under the Constitution and statutes of the United States, be made the subject of taxation by the State. The 1.65% increase in the rate from 7% to 8.65% under this amendatory Act of the 104th General Assembly shall be designated as the statewide 9-8-8 surcharge and is established to support and enhance the 9-8-8 Suicide and Crisis Lifeline in compliance with the National Suicide Hotline Designation Act of 2020 as codified in 47 U.S.C. 251 and 251a.

(d) Beginning on January 1, 2001, prepaid telephone calling arrangements shall not be considered telecommunications subject to the tax imposed under this Act.

(Source: P.A. 90-548, eff. 12-4-97; 91-870, eff. 6-22-00.)

(35 ILCS 630/6) (from Ch. 120, par. 2006)

Sec. 6. Returns; payments; deposits.

(a) Except as provided hereinafter in this Section, on or before the last day of each month, each retailer maintaining a place of business in this State shall make a return to the Department for the preceding calendar month, stating:

1. The retailer's ~~His~~ name;

2. The address of the ~~his~~ principal place of business, or the address of the principal place of business (if that is a different address) from which the retailer ~~he~~ engages in the business of transmitting telecommunications;

3. Total amount of gross charges billed by the retailer ~~him~~ during the preceding calendar month for providing telecommunications during such calendar month;

4. Total amount received by the retailer ~~him~~ during the preceding calendar month on credit extended;

5. Deductions allowed by law;

6. Gross charges which were billed by the retailer ~~him~~ during the preceding calendar month and upon the basis of which the tax, including the surcharge, is imposed;

7. Amount of tax (computed upon Item 6);

8. Amount of the statewide 9-8-8 surcharge included in item 7.

9. ~~8.~~ Such other reasonable information as the Department may require.

(b) Any taxpayer required to make payments under this Section may make the payments by electronic funds transfer. The Department shall adopt rules necessary to effectuate a program of electronic funds transfer. Any taxpayer who has average monthly tax billings due to the Department under this Act and the Simplified Municipal Telecommunications Tax Act that exceed $1,000 shall make all payments by electronic funds transfer as required by rules of the Department and shall file the return required by this Section by electronic means as required by rules of the Department.

(c) Types of returns and filing deadlines. If the retailer's average monthly tax billings due to the Department

under this Act and the Simplified Municipal Telecommunications Tax Act do not exceed $1,000, the Department may authorize the retailer's ~~his~~ returns to be filed on a quarter annual basis, with the return for January, February and March of a given year being due by April 30 of such year; with the return for April, May and June of a given year being due by July 31st of such year; with the return for July, August and September of a given year being due by October 31st of such year; and with the return of October, November and December of a given year being due by January 31st of the following year.

If the retailer is otherwise required to file a monthly or quarterly return and if the retailer's average monthly tax billings due to the Department under this Act and the Simplified Municipal Telecommunications Tax Act do not exceed $400, the Department may authorize the retailer's ~~his or her~~ return to be filed on an annual basis, with the return for a given year being due by January 31st of the following year.

Notwithstanding any other provision of this Article containing the time within which a retailer may file a ~~his~~ return, in the case of any retailer who ceases to engage in a kind of business which makes the retailer ~~him~~ responsible for filing returns under this Article, such retailer shall file a final return under this Article with the Department not more than one month after discontinuing such business.

In making such return, the retailer shall determine the value of any consideration other than money received by the

retailer ~~him~~ and he shall include such value in the ~~his~~ return. Such determination shall be subject to review and revision by the Department in the manner hereinafter provided for the correction of returns.

(d) Payment and discount. Each retailer whose average monthly liability to the Department under this Article and the Simplified Municipal Telecommunications Tax Act was $25,000 or more during the preceding calendar year, excluding the month of highest liability and the month of lowest liability in such calendar year, and who is not operated by a unit of local government, shall make estimated payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which tax collection liability to the Department is incurred in an amount not less than the lower of either 22.5% of the retailer's actual tax collections for the month or 25% of the retailer's actual tax collections for the same calendar month of the preceding year. The amount of such quarter monthly payments shall be credited against the final liability of the retailer's return for that month. Any outstanding credit, approved by the Department, arising from the retailer's overpayment of its final liability for any month may be applied to reduce the amount of any subsequent quarter monthly payment or credited against the final liability of the retailer's return for any subsequent month. If any quarter monthly payment is not paid at the time or in the amount required by this Section, the retailer shall be liable for

penalty and interest on the difference between the minimum amount due as a payment and the amount of such payment actually and timely paid, except insofar as the retailer has previously made payments for that month to the Department in excess of the minimum payments previously due.

The retailer making the return herein provided for shall, at the time of making such return, pay to the Department the amount of tax herein imposed, less a discount of 1% which is allowed to reimburse the retailer for the expenses incurred in keeping records, billing the customer, preparing and filing returns, remitting the tax, and supplying data to the Department upon request. No discount may be claimed by a retailer on returns not timely filed and for taxes not timely remitted.

If any payment provided for in this Section exceeds the retailer's liabilities under this Act, as shown on an original return, the Department may authorize the retailer to credit such excess payment against liability subsequently to be remitted to the Department under this Act, in accordance with reasonable rules adopted by the Department. If the Department subsequently determines that all or any part of the credit taken was not actually due to the retailer, the retailer's discount shall be reduced by an amount equal to the difference between the discount as applied to the credit taken and that actually due, and that retailer shall be liable for penalties and interest on such difference.

(e) Deposits.

(1) On and after the effective date of this Article of 1985 and through July 31, 2025, of the moneys received by the Department of Revenue pursuant to this Article, other than moneys received pursuant to the additional taxes imposed by Public Act 90-548:

(A) ~~(1)~~ $1,000,000 shall be paid each month into the Common School Fund;

(B) ~~(2)~~ beginning on the first day of the first calendar month to occur on or after the effective date of this amendatory Act of the 98th General Assembly, an amount equal to 1/12 of 5% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department from the tax under this Act and the Simplified Municipal Telecommunications Tax Act shall be paid each month into the Tax Compliance and Administration Fund; those moneys shall be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue; and

(C) ~~(3)~~ the remainder shall be deposited into the General Revenue Fund.

(2) On and after February 1, 1998 and through July 31, 2025, however, of the moneys received by the Department of Revenue pursuant to the additional taxes imposed by Public Act 90-548, one-half shall be deposited into the School

Infrastructure Fund and one-half shall be deposited into the Common School Fund. On and after the effective date of this amendatory Act of the 91st General Assembly, if in any fiscal year the total of the moneys deposited into the School Infrastructure Fund under this Act is less than the total of the moneys deposited into that Fund from the additional taxes imposed by Public Act 90-548 during fiscal year 1999, then, as soon as possible after the close of the fiscal year, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the School Infrastructure Fund an amount equal to the difference between the fiscal year total deposits and the total amount deposited into the Fund in fiscal year 1999.

(3) Beginning August 1, 2025, moneys collected under this Act by the Department shall be deposited as follows:

(A) 57.7% into the General Revenue Fund, other than:

(i) $1,000,000 shall be paid each month into the Common School Fund; and

(ii) an amount equal to 1/12 of 5% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department from the tax under this Act and the Simplified Municipal Telecommunications Tax Act shall be paid each month into the Tax Compliance and

Administration Fund; those moneys shall be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue;

(B) 11.6% into the Common School Fund;

(C) 11.6% into the School Infrastructure Fund; and

(D) 19.1% into the Statewide 9-8-8 Trust Fund.

(Source: P.A. 100-1171, eff. 1-4-19.)

ARTICLE 25

Section 25-5. The Use Tax Act is amended by changing Sections 2, 2d, and 22 as follows:

(35 ILCS 105/2) (from Ch. 120, par. 439.2)

Sec. 2. Definitions. As used in this Act:

"Use" means the exercise by any person of any right or power over tangible personal property incident to the ownership of that property, or, on and after January 1, 2025, incident to the possession or control of, the right to possess or control, or a license to use that property through a lease, except that it does not include the sale of such property in any form as tangible personal property in the regular course of business to the extent that such property is not first subjected to a use for which it was purchased, and does not include the use of such property by its owner for

demonstration purposes: Provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or by-product of manufacturing. "Use" does not mean the demonstration use or interim use of tangible personal property by a retailer before he sells that tangible personal property. On and after January 1, 2025, the lease of tangible personal property to a lessee by a retailer who is subject to tax on lease receipts under Public Act 103-592 ~~this amendatory Act of the 103rd General Assembly~~ does not qualify as demonstration use or interim use of that property. For watercraft or aircraft, if the period of demonstration use or interim use by the retailer exceeds 18 months, the retailer shall pay on the retailers' original cost price the tax imposed by this Act, and no credit for that tax is permitted if the watercraft or aircraft is subsequently sold by the retailer. "Use" does not mean the physical incorporation of tangible personal property, to the extent not first subjected to a use for which it was purchased, as an ingredient or constituent, into other tangible personal property (a) which is sold in the regular course of business or (b) which the person incorporating such ingredient or constituent therein has undertaken at the time of such purchase to cause to be transported in interstate commerce to destinations outside the State of Illinois: Provided that the property purchased is deemed to be purchased for the purpose

of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or by-product of manufacturing.

"Lease" means a transfer of the possession or control of, the right to possess or control, or a license to use, but not title to, tangible personal property for a fixed or indeterminate term for consideration, regardless of the name by which the transaction is called. "Lease" does not include a lease entered into merely as a security agreement that does not involve a transfer of possession or control from the lessor to the lessee.

On and after January 1, 2025, the term "sale", when used in this Act, includes a lease.

"Watercraft" means a Class 2, Class 3, or Class 4 watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

"Purchase at retail" means the acquisition of the ownership of, the title to, the possession or control of, the right to possess or control, or a license to use, tangible personal property through a sale at retail.

"Purchaser" means anyone who, through a sale at retail, acquires the ownership of, the title to, the possession or control of, the right to possess or control, or a license to use, tangible personal property for a valuable consideration.

"Sale at retail" means any transfer of the ownership of or

title to tangible personal property to a purchaser, for the purpose of use, and not for the purpose of resale in any form as tangible personal property to the extent not first subjected to a use for which it was purchased, for a valuable consideration: Provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or by-product of manufacturing. For this purpose, slag produced as an incident to manufacturing pig iron or steel and sold is considered to be an intentionally produced by-product of manufacturing. "Sale at retail" includes any such transfer made for resale unless made in compliance with Section 2c of the Retailers' Occupation Tax Act, as incorporated by reference into Section 12 of this Act. Transactions whereby the possession of the property is transferred but the seller retains the title as security for payment of the selling price are sales.

"Sale at retail" shall also be construed to include any Illinois florist's sales transaction in which the purchase order is received in Illinois by a florist and the sale is for use or consumption, but the Illinois florist has a florist in another state deliver the property to the purchaser or the purchaser's donee in such other state.

Nonreusable tangible personal property that is used by persons engaged in the business of operating a restaurant, cafeteria, or drive-in is a sale for resale when it is

transferred to customers in the ordinary course of business as part of the sale of food or beverages and is used to deliver, package, or consume food or beverages, regardless of where consumption of the food or beverages occurs. Examples of those items include, but are not limited to nonreusable, paper and plastic cups, plates, baskets, boxes, sleeves, buckets or other containers, utensils, straws, placemats, napkins, doggie bags, and wrapping or packaging materials that are transferred to customers as part of the sale of food or beverages in the ordinary course of business.

The purchase, employment, and transfer of such tangible personal property as newsprint and ink for the primary purpose of conveying news (with or without other information) is not a purchase, use, or sale of tangible personal property.

"Selling price" means the consideration for a sale valued in money whether received in money or otherwise, including cash, credits, property other than as hereinafter provided, and services, but, prior to January 1, 2020 and beginning again on January 1, 2022, not including the value of or credit given for traded-in tangible personal property where the item that is traded-in is of like kind and character as that which is being sold; beginning January 1, 2020 and until January 1, 2022, "selling price" includes the portion of the value of or credit given for traded-in motor vehicles of the First Division as defined in Section 1-146 of the Illinois Vehicle Code of like kind and character as that which is being sold

that exceeds $10,000. "Selling price" shall be determined without any deduction on account of the cost of the property sold, the cost of materials used, labor or service cost, or any other expense whatsoever, but does not include interest or finance charges which appear as separate items on the bill of sale or sales contract nor charges that are added to prices by sellers on account of the seller's tax liability under the Retailers' Occupation Tax Act, or on account of the seller's duty to collect, from the purchaser, the tax that is imposed by this Act, or, except as otherwise provided with respect to any cigarette tax imposed by a home rule unit, on account of the seller's tax liability under any local occupation tax administered by the Department, or, except as otherwise provided with respect to any cigarette tax imposed by a home rule unit on account of the seller's duty to collect, from the purchasers, the tax that is imposed under any local use tax administered by the Department. Effective December 1, 1985, "selling price" shall include charges that are added to prices by sellers on account of the seller's tax liability under the Cigarette Tax Act, on account of the seller's duty to collect, from the purchaser, the tax imposed under the Cigarette Use Tax Act, and on account of the seller's duty to collect, from the purchaser, any cigarette tax imposed by a home rule unit.

The provisions of this paragraph, which provides only for an alternative meaning of "selling price" with respect to the sale of certain motor vehicles incident to the contemporaneous

lease of those motor vehicles, continue in effect and are not changed by the tax on leases implemented by Public Act 103-592 ~~this amendatory Act of the 103rd General Assembly~~. Notwithstanding any law to the contrary, for any motor vehicle, as defined in Section 1-146 of the Vehicle Code, that is sold on or after January 1, 2015 for the purpose of leasing the vehicle for a defined period that is longer than one year and (1) is a motor vehicle of the second division that: (A) is a self-contained motor vehicle designed or permanently converted to provide living quarters for recreational, camping, or travel use, with direct walk through access to the living quarters from the driver's seat; (B) is of the van configuration designed for the transportation of not less than 7 nor more than 16 passengers; or (C) has a gross vehicle weight rating of 8,000 pounds or less or (2) is a motor vehicle of the first division, "selling price" or "amount of sale" means the consideration received by the lessor pursuant to the lease contract, including amounts due at lease signing and all monthly or other regular payments charged over the term of the lease. Also included in the selling price is any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed, including, but not limited to, excess mileage charges and charges for excess wear and tear. For sales that occur in Illinois, with respect to any amount received by the lessor from the lessee for the leased vehicle that is not calculated

at the time the lease is executed, the lessor who purchased the motor vehicle does not incur the tax imposed by the Use Tax Act on those amounts, and the retailer who makes the retail sale of the motor vehicle to the lessor is not required to collect the tax imposed by this Act or to pay the tax imposed by the Retailers' Occupation Tax Act on those amounts. However, the lessor who purchased the motor vehicle assumes the liability for reporting and paying the tax on those amounts directly to the Department in the same form (Illinois Retailers' Occupation Tax, and local retailers' occupation taxes, if applicable) in which the retailer would have reported and paid such tax if the retailer had accounted for the tax to the Department. For amounts received by the lessor from the lessee that are not calculated at the time the lease is executed, the lessor must file the return and pay the tax to the Department by the due date otherwise required by this Act for returns other than transaction returns. If the retailer is entitled under this Act to a discount for collecting and remitting the tax imposed under this Act to the Department with respect to the sale of the motor vehicle to the lessor, then the right to the discount provided in this Act shall be transferred to the lessor with respect to the tax paid by the lessor for any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed; provided that the discount is only allowed if the return is timely filed and for amounts timely paid. The

"selling price" of a motor vehicle that is sold on or after January 1, 2015 for the purpose of leasing for a defined period of longer than one year shall not be reduced by the value of or credit given for traded-in tangible personal property owned by the lessor, nor shall it be reduced by the value of or credit given for traded-in tangible personal property owned by the lessee, regardless of whether the trade-in value thereof is assigned by the lessee to the lessor. In the case of a motor vehicle that is sold for the purpose of leasing for a defined period of longer than one year, the sale occurs at the time of the delivery of the vehicle, regardless of the due date of any lease payments. A lessor who incurs a Retailers' Occupation Tax liability on the sale of a motor vehicle coming off lease may not take a credit against that liability for the Use Tax the lessor paid upon the purchase of the motor vehicle (or for any tax the lessor paid with respect to any amount received by the lessor from the lessee for the leased vehicle that was not calculated at the time the lease was executed) if the selling price of the motor vehicle at the time of purchase was calculated using the definition of "selling price" as defined in this paragraph. Notwithstanding any other provision of this Act to the contrary, lessors shall file all returns and make all payments required under this paragraph to the Department by electronic means in the manner and form as required by the Department. This paragraph does not apply to leases of motor vehicles for which, at the time the lease is entered into, the

term of the lease is not a defined period, including leases with a defined initial period with the option to continue the lease on a month-to-month or other basis beyond the initial defined period.

The phrase "like kind and character" shall be liberally construed (including, but not limited to, any form of motor vehicle for any form of motor vehicle, or any kind of farm or agricultural implement for any other kind of farm or agricultural implement), while not including a kind of item which, if sold at retail by that retailer, would be exempt from retailers' occupation tax and use tax as an isolated or occasional sale.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, limited liability company, or a receiver, executor, trustee, guardian, or other representative appointed by order of any court.

"Retailer" means and includes every person engaged in the business of making sales, including, on and after January 1, 2025, leases, at retail as defined in this Section. With respect to leases, a "retailer" also means a "lessor", except as otherwise provided in this Act.

A person who holds himself or herself out as being engaged (or who habitually engages) in selling tangible personal property at retail is a retailer hereunder with respect to

such sales (and not primarily in a service occupation) notwithstanding the fact that such person designs and produces such tangible personal property on special order for the purchaser and in such a way as to render the property of value only to such purchaser, if such tangible personal property so produced on special order serves substantially the same function as stock or standard items of tangible personal property that are sold at retail.

A person whose activities are organized and conducted primarily as a not-for-profit service enterprise, and who engages in selling tangible personal property at retail (whether to the public or merely to members and their guests) is a retailer with respect to such transactions, excepting only a person organized and operated exclusively for charitable, religious or educational purposes either (1)~~,~~ to the extent of sales by such person to its members, students, patients, or inmates of tangible personal property to be used primarily for the purposes of such person, or (2)~~,~~ to the extent of sales by such person of tangible personal property which is not sold or offered for sale by persons organized for profit. The selling of school books and school supplies by schools at retail to students is not "primarily for the purposes of" the school which does such selling. This paragraph does not apply to nor subject to taxation occasional dinners, social, or similar activities of a person organized and operated exclusively for charitable, religious, or

educational purposes, whether or not such activities are open to the public.

A person who is the recipient of a grant or contract under Title VII of the Older Americans Act of 1965 (P.L. 92-258) and serves meals to participants in the federal Nutrition Program for the Elderly in return for contributions established in amount by the individual participant pursuant to a schedule of suggested fees as provided for in the federal Act is not a retailer under this Act with respect to such transactions.

Persons who engage in the business of transferring tangible personal property upon the redemption of trading stamps are retailers hereunder when engaged in such business.

The isolated or occasional sale of tangible personal property at retail by a person who does not hold himself out as being engaged (or who does not habitually engage) in selling such tangible personal property at retail or a sale through a bulk vending machine does not make such person a retailer hereunder. However, any person who is engaged in a business which is not subject to the tax imposed by the Retailers' Occupation Tax Act because of involving the sale of or a contract to sell real estate or a construction contract to improve real estate, but who, in the course of conducting such business, transfers tangible personal property to users or consumers in the finished form in which it was purchased, and which does not become real estate, under any provision of a construction contract or real estate sale or real estate sales

agreement entered into with some other person arising out of or because of such nontaxable business, is a retailer to the extent of the value of the tangible personal property so transferred. If, in such transaction, a separate charge is made for the tangible personal property so transferred, the value of such property, for the purposes of this Act, is the amount so separately charged, but not less than the cost of such property to the transferor; if no separate charge is made, the value of such property, for the purposes of this Act, is the cost to the transferor of such tangible personal property.

"Retailer maintaining a place of business in this State", or any like term, means and includes any of the following retailers:

(1) A retailer having or maintaining within this State, directly or by a subsidiary, an office, distribution house, sales house, warehouse, or other place of business, or any agent or other representative operating within this State under the authority of the retailer or its subsidiary, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether such retailer or subsidiary is licensed to do business in this State. However, the ownership of property that is located at the premises of a printer with which the retailer has contracted for printing and that consists of the final

printed product, property that becomes a part of the final printed product, or copy from which the printed product is produced shall not result in the retailer being deemed to have or maintain an office, distribution house, sales house, warehouse, or other place of business within this State.

(1.1) A retailer having a contract with a person located in this State under which the person, for a commission or other consideration based upon the sale of tangible personal property by the retailer, directly or indirectly refers potential customers to the retailer by providing to the potential customers a promotional code or other mechanism that allows the retailer to track purchases referred by such persons. Examples of mechanisms that allow the retailer to track purchases referred by such persons include, but are not limited to, the use of a link on the person's Internet website, promotional codes distributed through the person's hand-delivered or mailed material, and promotional codes distributed by the person through radio or other broadcast media. The provisions of this paragraph (1.1) shall apply only if the cumulative gross receipts from sales of tangible personal property by the retailer to customers who are referred to the retailer by all persons in this State under such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December. A

retailer meeting the requirements of this paragraph (1.1) shall be presumed to be maintaining a place of business in this State but may rebut this presumption by submitting proof that the referrals or other activities pursued within this State by such persons were not sufficient to meet the nexus standards of the United States Constitution during the preceding 4 quarterly periods.

(1.2) Beginning July 1, 2011, a retailer having a contract with a person located in this State under which:

(A) the retailer sells the same or substantially similar line of products as the person located in this State and does so using an identical or substantially similar name, trade name, or trademark as the person located in this State; and

(B) the retailer provides a commission or other consideration to the person located in this State based upon the sale of tangible personal property by the retailer.

The provisions of this paragraph (1.2) shall apply only if the cumulative gross receipts from sales of tangible personal property by the retailer to customers in this State under all such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December.

(2) (Blank).

(3) (Blank).

(4) (Blank).

(5) (Blank).

(6) (Blank).

(7) (Blank).

(8) (Blank).

(9) Beginning October 1, 2018 and through December 31, 2025, a retailer making sales of tangible personal property to purchasers in Illinois from outside of Illinois if:

(A) the cumulative gross receipts from sales of tangible personal property to purchasers in Illinois are $100,000 or more; or

(B) the retailer enters into 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois.

The retailer shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the retailer ~~he or she~~ meets the threshold ~~criteria~~ of either subparagraph (A) or (B) of this paragraph (9) for the preceding 12-month period. If the retailer meets the threshold of either subparagraph (A) or (B) for a 12-month period, the retailer ~~he or she~~ is considered a retailer maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for one year. At the end of that one-year period, the retailer shall

determine whether it has ~~he or she~~ met the threshold of either subparagraph (A) or (B) during the preceding 12-month period. If the retailer met the threshold ~~criteria~~ in either subparagraph (A) or (B) for the preceding 12-month period, the retailer ~~he or she~~ is considered a retailer maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for the subsequent year. If at the end of a one-year period a retailer that was required to collect and remit the tax imposed under this Act determines that it ~~he or she~~ did not meet the threshold in either subparagraph (A) or (B) during the preceding 12-month period, the retailer shall subsequently determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the retailer ~~he or she~~ meets the threshold of either subparagraph (A) or (B) for the preceding 12-month period.

(9.1) Beginning January 1, 2026, a retailer making sales of tangible personal property to purchasers in Illinois from outside of Illinois if the cumulative gross receipts from sales of tangible personal property to purchasers in Illinois are $100,000 or more.

The retailer shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the retailer meets the threshold in this paragraph (9.1) for the preceding 12-month period. If the

retailer meets the threshold for a 12-month period, the retailer is considered a retailer maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for one year. At the end of the one-year period, the retailer shall determine whether the retailer met the threshold during the preceding 12-month period. If the retailer met the threshold for the preceding 12-month period, the retailer is considered a retailer maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for the subsequent year. If at the end of a one-year period a retailer that was required to collect and remit the tax imposed under this Act determines that the retailer did not meet the threshold during the preceding 12-month period, the retailer shall subsequently determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the retailer meets the threshold for the preceding 12-month period.

Beginning January 1, 2020, neither the gross receipts from nor the number of separate transactions for sales of tangible personal property to purchasers in Illinois that a retailer makes through a marketplace facilitator and for which the retailer has received a certification from the marketplace facilitator pursuant to Section 2d of this Act shall be included for purposes of determining whether the

retailer ~~he or she~~ has met the thresholds of paragraphs ~~this paragraph~~ (9) or (9.1).

(10) Beginning January 1, 2020, a marketplace facilitator that meets a threshold set forth in subsection (b) or (b-5) of Section 2d of this Act.

"Bulk vending machine" means a vending machine, containing unsorted confections, nuts, toys, or other items designed primarily to be used or played with by children which, when a coin or coins of a denomination not larger than $0.50 are inserted, are dispensed in equal portions, at random and without selection by the customer.

(Source: P.A. 102-353, eff. 1-1-22; 103-592, eff. 1-1-25; revised 11-22-24.)

(35 ILCS 105/2d)

Sec. 2d. Marketplace facilitators and marketplace sellers.

(a) As used in this Section:

"Affiliate" means a person that, with respect to another person: (i) has a direct or indirect ownership interest of more than 5 percent in the other person; or (ii) is related to the other person because a third person, or a group of third persons who are affiliated with each other as defined in this subsection, holds a direct or indirect ownership interest of more than 5% in the related person.

"Marketplace" means a physical or electronic place, forum, platform, application, or other method by which a marketplace

seller sells or offers to sell items.

"Marketplace facilitator" means a person who, pursuant to an agreement with an unrelated third-party marketplace seller, directly or indirectly through one or more affiliates facilitates a retail sale by an unrelated third party marketplace seller by:

(1) listing or advertising for sale by the marketplace seller in a marketplace, tangible personal property that is subject to tax under this Act; and

(2) either directly or indirectly, through agreements or arrangements with third parties, collecting payment from the customer and transmitting that payment to the marketplace seller regardless of whether the marketplace facilitator receives compensation or other consideration in exchange for its services.

"Marketplace seller" means a person that sells or offers to sell tangible personal property through a marketplace operated by an unrelated third-party marketplace facilitator.

(b) Beginning on January 1, 2020 and through December 31, 2025, a marketplace facilitator who meets either of the following thresholds is considered the retailer for each sale of tangible personal property made through its marketplace:

(1) the cumulative gross receipts from sales of tangible personal property to purchasers in Illinois by the marketplace facilitator and by marketplace sellers selling through the marketplace are $100,000 or more; or

(2) the marketplace facilitator and marketplace sellers selling through the marketplace cumulatively enter into 200 or more separate transactions for the sale of tangible personal property to purchasers in Illinois.

A marketplace facilitator shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the marketplace facilitator ~~he or she~~ meets the threshold of either paragraph (1) or (2) of this subsection (b) for the preceding 12-month period. If the marketplace facilitator meets the threshold of either paragraph (1) or (2) for a 12-month period, the marketplace facilitator ~~he or she~~ is considered a retailer maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for one year. At the end of that one-year period, the marketplace facilitator shall determine whether the marketplace facilitator met the threshold of either paragraph (1) or (2) during the preceding 12-month period. If the marketplace facilitator met the threshold in either paragraph (1) or (2) for the preceding 12-month period, the marketplace facilitator ~~he or she~~ is considered a retailer maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for the subsequent year. If at the end of a one-year period a marketplace facilitator that was required to collect and remit the tax imposed under this Act determines that the marketplace

facilitator ~~he or she~~ did not meet the threshold in either paragraph (1) or (2) during the preceding 12-month period, the marketplace facilitator shall subsequently determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the marketplace facilitator ~~he or she~~ meets the threshold of either paragraph (1) or (2) for the preceding 12-month period.

(b-5) Beginning on January 1, 2026, a marketplace facilitator whose cumulative gross receipts from sales of tangible personal property to purchasers in Illinois by the marketplace facilitator and by marketplace sellers selling through the marketplace are $100,000 or more is considered the retailer for each sale of tangible personal property made through its marketplace.

A marketplace facilitator shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the marketplace facilitator meets the threshold in this subsection (b-5) for the preceding 12-month period. If the marketplace facilitator meets the threshold for a 12-month period, the marketplace facilitator is considered a retailer maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for one year. At the end of the one-year period, the marketplace facilitator shall determine whether the marketplace facilitator met the threshold during the preceding 12-month period. If the marketplace facilitator met

the threshold for the preceding 12-month period, the marketplace facilitator is considered a retailer maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for the subsequent year. If at the end of a one-year period a marketplace facilitator that was required to collect and remit the tax imposed under this Act determines that the marketplace facilitator did not meet the threshold during the preceding 12-month period, the marketplace facilitator shall subsequently determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the marketplace facilitator meets the threshold for the preceding 12-month period.

(c) Beginning on January 1, 2020 a marketplace facilitator considered to be the retailer pursuant to subsection (b) or (b-5) of this Section is considered the retailer with respect to each sale made through its marketplace and is liable for collecting and remitting the tax under this Act on all such sales. The marketplace facilitator who is considered to be the retailer under subsection (b) or (b-5) for sales made through its marketplace has all the rights and duties, and is required to comply with the same requirements and procedures, as all other retailers maintaining a place of business in this State who are registered or who are required to be registered to collect and remit the tax imposed by this Act with respect to such sales.

(d) A marketplace facilitator shall:

(1) certify to each marketplace seller that the marketplace facilitator assumes the rights and duties of a retailer under this Act with respect to sales made by the marketplace seller through the marketplace; and

(2) collect taxes imposed by this Act as required by Section 3-45 of this Act for sales made through the marketplace.

(e) A marketplace seller shall retain books and records for all sales made through a marketplace in accordance with the requirements of Section 11.

(f) A marketplace seller shall furnish to the marketplace facilitator information that is necessary for the marketplace facilitator to correctly collect and remit taxes for a retail sale. The information may include a certification that an item being sold is taxable, not taxable, exempt from taxation, or taxable at a specified rate. A marketplace seller shall be held harmless for liability for the tax imposed under this Act when a marketplace facilitator fails to correctly collect and remit tax after having been provided with information by a marketplace seller to correctly collect and remit taxes imposed under this Act.

(g) If the marketplace facilitator demonstrates to the satisfaction of the Department that its failure to correctly collect and remit tax on a retail sale resulted from the marketplace facilitator's good faith reliance on incorrect or

insufficient information provided by a marketplace seller, it shall be relieved of liability for the tax on that retail sale. In this case, a marketplace seller is liable for any resulting tax due.

(h) (Blank).

(i) This Section does not affect the tax liability of a purchaser under this Act.

(j) (Blank).

(k) A marketplace facilitator required to collect taxes imposed under this Section and this Act on retail sales made through its marketplace shall be liable to the Department for such taxes, except when the marketplace facilitator is relieved of the duty to remit such taxes by virtue of having paid to the Department taxes imposed by the Retailers' Occupation Tax Act upon his or her gross receipts from the same transactions.

(l) If, for any reason, the Department is prohibited from enforcing the marketplace facilitator's duty under this Act to collect and remit taxes pursuant to this Section, the duty to collect and remit such taxes reverts to the marketplace seller that is a retailer maintaining a place of business in this State pursuant to Section 2.

(m) Nothing in this Section affects the obligation of any consumer to remit use tax for any taxable transaction for which a certified service provider acting on behalf of a remote retailer or a marketplace facilitator does not collect

and remit the appropriate tax.

(Source: P.A. 101-9, eff. 6-5-19; 101-604, eff. 1-1-20.)

(35 ILCS 105/22) (from Ch. 120, par. 439.22)

Sec. 22. If it is determined that the Department should issue a credit or refund under this Act, the Department may first apply the amount thereof against any amount of tax or penalty or interest due hereunder, or under the Retailers' Occupation Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, or any local occupation or use tax administered by the Department, ~~Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (c), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act,~~ from the person entitled to such credit or refund. For this purpose, if proceedings are pending to determine whether or not any tax or penalty or interest is due under this Act or under the Retailers' Occupation Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, or any local occupation or use tax administered by the Department, ~~Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (c), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act,~~ from such person, the Department may withhold issuance of the credit or refund pending the final disposition of such proceedings and

may apply such credit or refund against any amount found to be due to the Department as a result of such proceedings. The balance, if any, of the credit or refund shall be issued to the person entitled thereto.

Any credit memorandum issued hereunder may be used by the authorized holder thereof to pay any tax or penalty or interest due or to become due under this Act, or under the Retailers' Occupation Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, or any local occupation or use tax administered by the Department, ~~Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (c), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act,~~ from such holder. Subject to reasonable rules of the Department, a credit memorandum issued hereunder may be assigned by the holder thereof to any other person for use in paying tax or penalty or interest which may be due or become due under this Act, or under the Retailers' Occupation Tax Act, the Service Occupation Tax Act, ~~or~~ the Service Use Tax Act, or any local occupation or use tax administered by the Department, from the assignee.

In any case in which there has been an erroneous refund of tax payable under this Act, a notice of tax liability may be issued at any time within 3 years from the making of that refund, or within 5 years from the making of that refund if it appears that any part of the refund was induced by fraud or the

misrepresentation of a material fact. The amount of any proposed assessment set forth in the notice shall be limited to the amount of the erroneous refund.

(Source: P.A. 91-901, eff. 1-1-01.)

Section 25-10. The Service Use Tax Act is amended by changing Sections 2, 2d, 3-10, and 20 as follows:

(35 ILCS 110/2) (from Ch. 120, par. 439.32)

Sec. 2. Definitions. In this Act:

"Use" means the exercise by any person of any right or power over tangible personal property incident to the ownership of that property, or, on and after January 1, 2025, incident to the possession or control of, the right to possess or control, or a license to use that property through a lease, but does not include the sale or use for demonstration by him of that property in any form as tangible personal property in the regular course of business. "Use" does not mean the interim use of tangible personal property. On and after January 1, 2025, the lease of tangible personal property to a lessee by a serviceman who is subject to tax on lease receipts under this amendatory Act of the 103rd General Assembly does not qualify as demonstration use or interim use of that property. "Use" does not mean the physical incorporation of tangible personal property, as an ingredient or constituent, into other tangible personal property, (a) which is sold in

the regular course of business or (b) which the person incorporating such ingredient or constituent therein has undertaken at the time of such purchase to cause to be transported in interstate commerce to destinations outside the State of Illinois.

"Lease" means a transfer of the possession or control of, the right to possess or control, or a license to use, but not title to, tangible personal property for a fixed or indeterminate term for consideration, regardless of the name by which the transaction is called. "Lease" does not include a lease entered into merely as a security agreement that does not involve a transfer of possession from the lessor to the lessee.

On and after January 1, 2025, the term "sale", when used in this Act with respect to tangible personal property, includes a lease.

"Purchased from a serviceman" means the acquisition of the ownership of, the title to, the possession or control of, the right to possess or control, or a license to use, tangible personal property through a sale of service.

"Purchaser" means any person who, through a sale of service, acquires the ownership of, the title to, the possession or control of, the right to possess or control, or a license to use, any tangible personal property.

"Cost price" means the consideration paid by the serviceman for a purchase, including, on and after January 1,

2025, a lease, valued in money, whether paid in money or otherwise, including cash, credits and services, and shall be determined without any deduction on account of the supplier's cost of the property sold or on account of any other expense incurred by the supplier. When a serviceman contracts out part or all of the services required in his sale of service, it shall be presumed that the cost price to the serviceman of the property transferred to him or her by his or her subcontractor is equal to 50% of the subcontractor's charges to the serviceman in the absence of proof of the consideration paid by the subcontractor for the purchase of such property.

"Selling price" means the consideration for a sale, including, on and after January 1, 2025, a lease, valued in money whether received in money or otherwise, including cash, credits and service, and shall be determined without any deduction on account of the serviceman's cost of the property sold, the cost of materials used, labor or service cost or any other expense whatsoever, but does not include interest or finance charges which appear as separate items on the bill of sale or sales contract nor charges that are added to prices by sellers on account of the seller's duty to collect, from the purchaser, the tax that is imposed by this Act.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint venture, public or private corporation, limited liability company, and any

receiver, executor, trustee, guardian or other representative appointed by order of any court.

"Sale of service" means any transaction except:

(1) a retail sale of tangible personal property taxable under the Retailers' Occupation Tax Act or under the Use Tax Act.

(2) a sale of tangible personal property for the purpose of resale made in compliance with Section 2c of the Retailers' Occupation Tax Act.

(3) except as hereinafter provided, a sale or transfer of tangible personal property as an incident to the rendering of service for or by any governmental body, or for or by any corporation, society, association, foundation or institution organized and operated exclusively for charitable, religious or educational purposes or any not-for-profit corporation, society, association, foundation, institution or organization which has no compensated officers or employees and which is organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes.

(4) (blank).

(4a) a sale or transfer of tangible personal property as an incident to the rendering of service for owners or

lessors, lessees, or shippers of tangible personal property which is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce so long as so used by interstate carriers for hire, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(4a-5) on and after July 1, 2003 and through June 30, 2004, a sale or transfer of a motor vehicle of the second division with a gross vehicle weight in excess of 8,000 pounds as an incident to the rendering of service if that motor vehicle is subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial

purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise whether for-hire or not.

(5) a sale or transfer of machinery and equipment used primarily in the process of the manufacturing or assembling, either in an existing, an expanded or a new manufacturing facility, of tangible personal property for wholesale or retail sale or lease, whether such sale or lease is made directly by the manufacturer or by some other person, whether the materials used in the process are owned by the manufacturer or some other person, or whether such sale or lease is made apart from or as an incident to the seller's engaging in a service occupation and the applicable tax is a Service Use Tax or Service Occupation Tax, rather than Use Tax or Retailers' Occupation Tax. The exemption provided by this paragraph (5) includes production related tangible personal property, as defined in Section 3-50 of the Use Tax Act, purchased on or after July 1, 2019. The exemption provided by this paragraph (5) does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes,

pipelines, or mains. The provisions of Public Act 98-583 are declaratory of existing law as to the meaning and scope of this exemption. The exemption under this paragraph (5) is exempt from the provisions of Section 3-75.

(5a) the repairing, reconditioning or remodeling, for a common carrier by rail, of tangible personal property which belongs to such carrier for hire, and as to which such carrier receives the physical possession of the repaired, reconditioned or remodeled item of tangible personal property in Illinois, and which such carrier transports, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the person who repaired, reconditioned or remodeled the property to a destination outside Illinois, for use outside Illinois.

(5b) a sale or transfer of tangible personal property which is produced by the seller thereof on special order in such a way as to have made the applicable tax the Service Occupation Tax or the Service Use Tax, rather than the Retailers' Occupation Tax or the Use Tax, for an interstate carrier by rail which receives the physical possession of such property in Illinois, and which transports such property, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the

seller of the property as the shipper or consignor of such property to a destination outside Illinois, for use outside Illinois.

(6) until July 1, 2003, a sale or transfer of distillation machinery and equipment, sold as a unit or kit and assembled or installed by the retailer, which machinery and equipment is certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of such user and not subject to sale or resale.

(7) at the election for each fiscal year of any serviceman not required to be otherwise registered as a retailer under Section 2a of the Retailers' Occupation Tax Act or, beginning January 1, 2026, any serviceman maintaining a place of business in this State who does not make any retail sales of tangible personal property to purchasers in Illinois, ~~made for each fiscal year~~ sales of service in which the aggregate annual cost price of tangible personal property transferred as an incident to the sales of service is less than 35%, or 75% in the case of servicemen transferring prescription drugs or servicemen engaged in graphic arts production, of the aggregate annual total gross receipts from all sales of service. The purchase of such tangible personal property by the serviceman shall be subject to tax under the

Retailers' Occupation Tax Act and the Use Tax Act. However, if a primary serviceman who has made the election described in this paragraph subcontracts service work to a secondary serviceman who has also made the election described in this paragraph, the primary serviceman does not incur a Use Tax liability if the secondary serviceman (i) has paid or will pay Use Tax on his or her cost price of any tangible personal property transferred to the primary serviceman and (ii) certifies that fact in writing to the primary serviceman. Beginning January 1, 2026, this election shall not apply to any sale of service through a marketplace that has met the threshold in subsection (b-5) of Section 2d of this Act. All transactions over such a marketplace shall be subject to the tax imposed under Section 3-10 of this Act.

Tangible personal property transferred incident to the completion of a maintenance agreement is exempt from the tax imposed pursuant to this Act.

Exemption (5) also includes machinery and equipment used in the general maintenance or repair of such exempt machinery and equipment or for in-house manufacture of exempt machinery and equipment. On and after July 1, 2017, exemption (5) also includes graphic arts machinery and equipment, as defined in paragraph (5) of Section 3-5. The machinery and equipment exemption does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale;

(ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of Public Act 98-583 are declaratory of existing law as to the meaning and scope of this exemption. For the purposes of exemption (5), each of these terms shall have the following meanings: (1) "manufacturing process" shall mean the production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by procedures commonly regarded as manufacturing, processing, fabricating, or refining which changes some existing material or materials into a material with a different form, use or name. In relation to a recognized integrated business composed of a series of operations which collectively constitute manufacturing, or individually constitute manufacturing operations, the manufacturing process shall be deemed to commence with the first operation or stage of production in the series, and shall not be deemed to end until the completion of the final product in the last operation or stage of production in the series; and further, for purposes of exemption (5), photoprocessing is deemed to be a manufacturing process of tangible personal property for wholesale or retail sale; (2)

"assembling process" shall mean the production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by the combination of existing materials in a manner commonly regarded as assembling which results in a material of a different form, use or name; (3) "machinery" shall mean major mechanical machines or major components of such machines contributing to a manufacturing or assembling process; and (4) "equipment" shall include any independent device or tool separate from any machinery but essential to an integrated manufacturing or assembly process; including computers used primarily in a manufacturer's computer assisted design, computer assisted manufacturing (CAD/CAM) system; or any subunit or assembly comprising a component of any machinery or auxiliary, adjunct or attachment parts of machinery, such as tools, dies, jigs, fixtures, patterns and molds; or any parts which require periodic replacement in the course of normal operation; but shall not include hand tools. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a product being manufactured or assembled for wholesale or retail sale or lease. The purchaser of such machinery and equipment who has an active resale registration number shall furnish such number to the seller at the time of purchase. The purchaser of such

machinery and equipment and tools without an active resale registration number shall prepare a certificate of exemption stating facts establishing the exemption, which certificate shall be available to the Department for inspection or audit. The Department shall prescribe the form of the certificate.

Any informal rulings, opinions or letters issued by the Department in response to an inquiry or request for any opinion from any person regarding the coverage and applicability of exemption (5) to specific devices shall be published, maintained as a public record, and made available for public inspection and copying. If the informal ruling, opinion or letter contains trade secrets or other confidential information, where possible the Department shall delete such information prior to publication. Whenever such informal rulings, opinions, or letters contain any policy of general applicability, the Department shall formulate and adopt such policy as a rule in accordance with the provisions of the Illinois Administrative Procedure Act.

On and after July 1, 1987, no entity otherwise eligible under exemption (3) of this Section shall make tax-free purchases unless it has an active exemption identification number issued by the Department.

The purchase, employment and transfer of such tangible personal property as newsprint and ink for the primary purpose of conveying news (with or without other information) is not a purchase, use or sale of service or of tangible personal

property within the meaning of this Act.

"Serviceman" means any person who is engaged in the occupation of making sales of service.

"Sale at retail" means "sale at retail" as defined in the Retailers' Occupation Tax Act, which, on and after January 1, 2025, is defined to include leases.

"Supplier" means any person who makes sales of tangible personal property to servicemen for the purpose of resale as an incident to a sale of service.

"Serviceman maintaining a place of business in this State", or any like term, means and includes any serviceman:

(1) Having ~~having~~ or maintaining within this State, directly or by a subsidiary, an office, distribution house, sales house, warehouse or other place of business, or any agent or other representative operating within this State under the authority of the serviceman or its subsidiary, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether such serviceman or subsidiary is licensed to do business in this State;

(1.1) Having ~~having~~ a contract with a person located in this State under which the person, for a commission or other consideration based on the sale of service by the serviceman, directly or indirectly refers potential customers to the serviceman by providing to the potential customers a promotional code or other mechanism that

allows the serviceman to track purchases referred by such persons. Examples of mechanisms that allow the serviceman to track purchases referred by such persons include but are not limited to the use of a link on the person's Internet website, promotional codes distributed through the person's hand-delivered or mailed material, and promotional codes distributed by the person through radio or other broadcast media. The provisions of this paragraph (1.1) shall apply only if the cumulative gross receipts from sales of service by the serviceman to customers who are referred to the serviceman by all persons in this State under such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December; a serviceman meeting the requirements of this paragraph (1.1) shall be presumed to be maintaining a place of business in this State but may rebut this presumption by submitting proof that the referrals or other activities pursued within this State by such persons were not sufficient to meet the nexus standards of the United States Constitution during the preceding 4 quarterly periods;

(1.2) Beginning ~~beginning~~ July 1, 2011, having a contract with a person located in this State under which:

(A) the serviceman sells the same or substantially similar line of services as the person located in this State and does so using an identical or substantially

similar name, trade name, or trademark as the person located in this State; and

(B) the serviceman provides a commission or other consideration to the person located in this State based upon the sale of services by the serviceman.

The provisions of this paragraph (1.2) shall apply only if the cumulative gross receipts from sales of service by the serviceman to customers in this State under all such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December;

(2) (Blank). ~~soliciting orders for tangible personal property by means of a telecommunication or television shopping system (which utilizes toll free numbers) which is intended by the retailer to be broadcast by cable television or other means of broadcasting, to consumers located in this State;~~

(3) (Blank). ~~pursuant to a contract with a broadcaster or publisher located in this State, soliciting orders for tangible personal property by means of advertising which is disseminated primarily to consumers located in this State and only secondarily to bordering jurisdictions;~~

(4) (Blank). ~~soliciting orders for tangible personal property by mail if the solicitations are substantial and recurring and if the retailer benefits from any banking, financing, debt collection, telecommunication, or~~

~~marketing activities occurring in this State or benefits from the location in this State of authorized installation, servicing, or repair facilities;~~

(5) (Blank). ~~being owned or controlled by the same interests which own or control any retailer engaging in business in the same or similar line of business in this State;~~

(6) (Blank). ~~having a franchisee or licensee operating under its trade name if the franchisee or licensee is required to collect the tax under this Section;~~

(7) (Blank). ~~pursuant to a contract with a cable television operator located in this State, soliciting orders for tangible personal property by means of advertising which is transmitted or distributed over a cable television system in this State;~~

(8) (Blank). ~~engaging in activities in Illinois, which activities in the state in which the supply business engaging in such activities is located would constitute maintaining a place of business in that state; or~~

(9) Beginning ~~beginning~~ October 1, 2018~~,~~ and through December 31, 2025, making sales of service to purchasers in Illinois from outside of Illinois if:

(A) the cumulative gross receipts from sales of service to purchasers in Illinois are $100,000 or more; or

(B) the serviceman enters into 200 or more

separate transactions for sales of service to purchasers in Illinois.

The serviceman shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether he or she meets the threshold ~~criteria~~ of either subparagraph (A) or (B) of this paragraph (9) for the preceding 12-month period. If the serviceman meets the threshold ~~criteria~~ of either subparagraph (A) or (B) for a 12-month period, he or she is considered a serviceman maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for one year. At the end of that one-year period, the serviceman shall determine whether the serviceman met the threshold ~~criteria~~ of either subparagraph (A) or (B) during the preceding 12-month period. If the serviceman met the threshold ~~criteria~~ in either subparagraph (A) or (B) for the preceding 12-month period, he or she is considered a serviceman maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for the subsequent year. If at the end of a one-year period a serviceman that was required to collect and remit the tax imposed under this Act determines that he or she did not meet the threshold ~~criteria~~ in either subparagraph (A) or (B) during the preceding 12-month period, the serviceman subsequently shall determine on a quarterly

basis, ending on the last day of March, June, September, and December, whether he or she meets the threshold ~~criteria~~ of either subparagraph (A) or (B) for the preceding 12-month period.

(9.1) Beginning January 1, 2026, making sales of service to purchasers in Illinois from outside of Illinois if the cumulative gross receipts from sales of service to purchasers in Illinois are $100,000 or more.

The serviceman shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the serviceman meets the threshold in this paragraph (9.1) for the preceding 12-month period. If the serviceman meets the threshold for a 12-month period, the serviceman is considered a serviceman maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for one year. At the end of the one-year period, the serviceman shall determine whether the serviceman met the threshold during the preceding 12-month period. If the serviceman met the threshold for the preceding 12-month period, the serviceman is considered a serviceman maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for the subsequent year. If at the end of a one-year period a serviceman that was required to collect and remit the tax imposed under this Act

determines that the serviceman did not meet the threshold during the preceding 12-month period, the serviceman shall subsequently determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the serviceman meets the threshold for the preceding 12-month period.

Beginning January 1, 2020, neither the gross receipts from nor the number of separate transactions for sales of service to purchasers in Illinois that a serviceman makes through a marketplace facilitator and for which the serviceman has received a certification from the marketplace facilitator pursuant to Section 2d of this Act shall be included for purposes of determining whether he or she has met a threshold ~~the thresholds~~ of ~~this~~ paragraph (9) or this paragraph (9.1).

(10) Beginning January 1, 2020, a marketplace facilitator that meets a threshold set forth in either subsection (b) or (b-5) of~~, as defined in~~ Section 2d of this Act.

(Source: P.A. 103-592, eff. 1-1-25.)

(35 ILCS 110/2d)

Sec. 2d. Marketplace facilitators and marketplace servicemen.

(a) Definitions. For purposes of this Section:

"Affiliate" means a person that, with respect to another

person: (i) has a direct or indirect ownership interest of more than 5% in the other person; or (ii) is related to the other person because a third person, or group of third persons who are affiliated with each other as defined in this subsection, holds a direct or indirect ownership interest of more than 5% in the related person.

"Marketplace" means a physical or electronic place, forum, platform, application, or other method by which a marketplace serviceman makes or offers to make sales of service.

"Marketplace facilitator" means a person who, pursuant to an agreement with an unrelated third-party marketplace serviceman, directly or indirectly through one or more affiliates facilitates sales of service by that unrelated third-party marketplace serviceman through:

(1) listing or advertising for sale by the marketplace serviceman in a marketplace, sales of service that are subject to tax under this Act; and

(2) either directly or indirectly, through agreements or arrangements with third parties, collecting payment from the customer and transmitting that payment to the marketplace serviceman regardless of whether the marketplace facilitator receives compensation or other consideration in exchange for its services.

~~"Marketplace facilitator" means a person who, pursuant to an agreement with a marketplace serviceman, facilitates sales of service by that marketplace serviceman. A person~~

~~facilitates a sale of service by, directly or indirectly through one or more affiliates, doing both of the following: (i) listing or otherwise making available a sale of service of the marketplace serviceman through a marketplace owned or operated by the marketplace facilitator; and (ii) processing sales of service for, or payments for sales of service by, marketplace servicemen.~~

"Marketplace serviceman" means a person that makes or offers to make a sale of service through a marketplace operated by an unrelated third-party marketplace facilitator.

(b) Beginning January 1, 2020~~,~~ and through December 31, 2025, a marketplace facilitator who meets either of the following thresholds ~~criteria~~ is considered the serviceman for each sale of service made through its ~~on the~~ marketplace:

(1) the cumulative gross receipts from sales of service to purchasers in Illinois by the marketplace facilitator and by marketplace servicemen selling through the marketplace are $100,000 or more; or

(2) the marketplace facilitator and marketplace servicemen selling through the marketplace cumulatively enter into 200 or more separate transactions for the sale of service to purchasers in Illinois.

A marketplace facilitator shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the marketplace facilitator ~~he or she~~ meets the threshold ~~criteria~~ of either paragraph (1) or (2) of this

subsection (b) for the preceding 12-month period. If the marketplace facilitator meets the threshold ~~criteria~~ of either paragraph (1) or (2) for a 12-month period, it ~~he or she~~ is considered a serviceman maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for one year. At the end of that one-year period, the marketplace facilitator shall determine whether the marketplace facilitator met the threshold ~~criteria~~ of either paragraph (1) or (2) during the preceding 12-month period. If the marketplace facilitator met the threshold ~~criteria~~ in either paragraph (1) or (2) for the preceding 12-month period, it ~~he or she~~ is considered a serviceman maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for the subsequent year. If, at the end of a one-year period, a marketplace facilitator that was required to collect and remit the tax imposed under this Act determines that it ~~he or she~~ did not meet the threshold ~~criteria~~ in either paragraph (1) or (2) during the preceding 12-month period, the marketplace facilitator shall subsequently determine on a quarterly basis, ending on the last day of March, June, September, and December, whether it ~~he or she~~ meets the threshold ~~criteria~~ of either paragraph (1) or (2) for the preceding 12-month period.

(b-5) Beginning on January 1, 2026, a marketplace facilitator whose cumulative gross receipts from sales of

service to purchasers in Illinois by the marketplace facilitator and by marketplace servicemen selling through the marketplace are $100,000 or more is engaged in the business of making sales of service in Illinois for purposes of this Act for each sale of service made through the marketplace.

A marketplace facilitator shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the marketplace facilitator meets the threshold in this subsection (b-5) for the preceding 12-month period. If the marketplace facilitator meets the threshold for a 12-month period, the marketplace facilitator is considered a serviceman maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for one year. At the end of the one-year period, the marketplace facilitator shall determine whether the marketplace facilitator met the threshold during the preceding 12-month period. If the marketplace facilitator met the threshold for the preceding 12-month period, the marketplace facilitator is considered a serviceman maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and file returns for the subsequent year. If at the end of a one-year period a marketplace facilitator that was required to collect and remit the tax imposed under this Act determines that the marketplace facilitator did not meet the threshold during the preceding 12-month period, the marketplace facilitator shall

subsequently determine on a quarterly basis, ending on the last day of March, June, September, and December, whether it meets the threshold for the preceding 12-month period.

(c) A marketplace facilitator considered to be the serviceman pursuant to ~~that meets either of the thresholds in~~ subsection (b) or, beginning January 1, 2026, subsection (b-5) of this Section is considered the serviceman for each sale of service made through its marketplace and is liable for collecting and remitting the tax under this Act on all such sales. The marketplace facilitator has all the rights and duties, and is required to comply with the same requirements and procedures, as all other servicemen maintaining a place of business in this State who are registered or who are required to be registered to collect and remit the tax imposed by this Act with respect to such sales.

(d) A marketplace facilitator shall:

(1) certify to each marketplace serviceman that the marketplace facilitator assumes the rights and duties of a serviceman under this Act with respect to sales of service made by the marketplace serviceman through the marketplace; and

(2) collect taxes imposed by this Act as required by Section 3-40 of this Act for sales of service made through the marketplace.

(e) A marketplace serviceman shall retain books and records for all sales of service made through a marketplace in

accordance with the requirements of Section 11.

(f) A marketplace serviceman shall furnish to the marketplace facilitator information that is necessary for the marketplace facilitator to correctly collect and remit taxes for a sale of service. Such information includes the cost price of any item transferred incident to a sale of service under this Act when the cost price of an item exceeds 50% of the entire billing to the service customer of a sale of service made through the marketplace. The information may include a certification that an item transferred incident to a sale of service under this Act is taxable, not taxable, exempt from taxation, or taxable at a specified rate. A marketplace serviceman shall be held harmless for liability for the tax imposed under this Act when a marketplace facilitator fails to correctly collect and remit tax after having been provided with information by a marketplace serviceman to correctly collect and remit taxes imposed under this Act.

(g) If ~~Except as provided in subsection (h), if~~ the marketplace facilitator demonstrates to the satisfaction of the Department that its failure to correctly collect and remit tax on a sale of service resulted from the marketplace facilitator's good faith reliance on incorrect or insufficient information provided by a marketplace serviceman, it shall be relieved of liability for the tax on that sale of service. In this case, a marketplace serviceman is liable for any resulting tax due.

(h) (Blank). ~~A marketplace facilitator and marketplace serviceman that are affiliates, as defined by subsection (a), are jointly and severally liable for tax liability resulting from a sale of service made by the affiliated marketplace serviceman through the marketplace.~~

(i) This Section does not affect the tax liability of a purchaser under this Act.

(j) (Blank). ~~The Department may adopt rules for the administration and enforcement of the provisions of this Section.~~

(k) A marketplace facilitator required to collect taxes imposed under this Section and this Act on sales of service made through its marketplace shall be liable to the Department for such taxes, except when the marketplace facilitator is relieved of the duty to remit such taxes by virtue of having paid to the Department taxes imposed by the Service Occupation Tax Act from the same transactions.

(l) If, for any reason, the Department is prohibited from enforcing the marketplace facilitator's duty under this Act to collect and remit taxes pursuant to this Section, the duty to collect and remit such taxes reverts to the marketplace serviceman that is a serviceman maintaining a place of business in this State pursuant to Section 2.

(m) Nothing in this Section affects the obligation of any consumer to remit service use tax for any taxable transaction for which a certified service provider acting on behalf of a

serviceman maintaining a place of business in this State or a marketplace facilitator does not collect and remit the appropriate tax.

(Source: P.A. 101-9, eff. 6-5-19.)

(35 ILCS 110/3-10)

Sec. 3-10. Rate of tax. Unless otherwise provided in this Section, the tax imposed by this Act is at the rate of 6.25% of the selling price of tangible personal property transferred, including, on and after January 1, 2025, transferred by lease, as an incident to the sale of service, but, for the purpose of computing this tax, in no event shall the selling price be less than the cost price of the property to the serviceman.

Beginning on July 1, 2000 and through December 31, 2000, with respect to motor fuel, as defined in Section 1.1 of the Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of the Use Tax Act, the tax is imposed at the rate of 1.25%.

With respect to gasohol, as defined in the Use Tax Act, the tax imposed by this Act applies to (i) 70% of the selling price of property transferred as an incident to the sale of service on or after January 1, 1990, and before July 1, 2003, (ii) 80% of the selling price of property transferred as an incident to the sale of service on or after July 1, 2003 and on or before July 1, 2017, (iii) 100% of the selling price of property transferred as an incident to the sale of service after July 1, 2017 and before January 1, 2024, (iv) 90% of the selling price

of property transferred as an incident to the sale of service on or after January 1, 2024 and on or before December 31, 2028, and (v) 100% of the selling price of property transferred as an incident to the sale of service after December 31, 2028. If, at any time, however, the tax under this Act on sales of gasohol, as defined in the Use Tax Act, is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of gasohol made during that time.

With respect to mid-range ethanol blends, as defined in Section 3-44.3 of the Use Tax Act, the tax imposed by this Act applies to (i) 80% of the selling price of property transferred as an incident to the sale of service on or after January 1, 2024 and on or before December 31, 2028 and (ii) 100% of the selling price of property transferred as an incident to the sale of service after December 31, 2028. If, at any time, however, the tax under this Act on sales of mid-range ethanol blends is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the selling price of mid-range ethanol blends transferred as an incident to the sale of service during that time.

With respect to majority blended ethanol fuel, as defined in the Use Tax Act, the tax imposed by this Act does not apply to the selling price of property transferred as an incident to the sale of service on or after July 1, 2003 and on or before December 31, 2028 but applies to 100% of the selling price thereafter.

With respect to biodiesel blends, as defined in the Use Tax Act, with no less than 1% and no more than 10% biodiesel, the tax imposed by this Act applies to (i) 80% of the selling price of property transferred as an incident to the sale of service on or after July 1, 2003 and on or before December 31, 2018 and (ii) 100% of the proceeds of the selling price after December 31, 2018 and before January 1, 2024. On and after January 1, 2024 and on or before December 31, 2030, the taxation of biodiesel, renewable diesel, and biodiesel blends shall be as provided in Section 3-5.1 of the Use Tax Act. If, at any time, however, the tax under this Act on sales of biodiesel blends, as defined in the Use Tax Act, with no less than 1% and no more than 10% biodiesel is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of biodiesel blends with no less than 1% and no more than 10% biodiesel made during that time.

With respect to biodiesel, as defined in the Use Tax Act, and biodiesel blends, as defined in the Use Tax Act, with more than 10% but no more than 99% biodiesel, the tax imposed by this Act does not apply to the proceeds of the selling price of property transferred as an incident to the sale of service on or after July 1, 2003 and on or before December 31, 2023. On and after January 1, 2024 and on or before December 31, 2030, the taxation of biodiesel, renewable diesel, and biodiesel blends shall be as provided in Section 3-5.1 of the Use Tax Act.

At the election of any registered serviceman made for each fiscal year, for whom ~~sales of service in which~~ the aggregate annual cost price of tangible personal property transferred as an incident to the sales of service is less than 35%, or 75% in the case of servicemen transferring prescription drugs or servicemen engaged in graphic arts production, of the aggregate annual total gross receipts from all sales of service, the tax imposed by this Act shall be based on the serviceman's cost price of the tangible personal property transferred as an incident to the sale of those services. This election may also be made by any serviceman maintaining a place of business in this State who makes retail sales from outside of this State to Illinois customers but is not required to be registered under Section 2a of the Retailers' Occupation Tax Act. Beginning January 1, 2026, this election shall not apply to any sale of service made through a marketplace that has met the threshold in subsection (b-5) of Section 2d of this Act.

Beginning January 1, 2026, the tax shall be imposed at the rate of 6.25% of 50% of the entire billing to the service customer for all sales of service made through a marketplace that has met the threshold in subsection (b-5) of Section 2d of this Act. In no event shall 50% of the entire billing be less than the cost price of the property to the marketplace serviceman or the marketplace facilitator on its own sales of service.

Until July 1, 2022 and from July 1, 2023 through December 31, 2025, the tax shall be imposed at the rate of 1% on food prepared for immediate consumption and transferred incident to a sale of service subject to this Act or the Service Occupation Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act. Until July 1, 2022 and from July 1, 2023 through December 31, 2025, the tax shall also be imposed at the rate of 1% on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption and is not otherwise included in this paragraph).

Beginning on July 1, 2022 and until July 1, 2023, the tax shall be imposed at the rate of 0% on food prepared for immediate consumption and transferred incident to a sale of service subject to this Act or the Service Occupation Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or an entity that holds a permit issued

pursuant to the Life Care Facilities Act. Beginning on July 1, 2022 and until July 1, 2023, the tax shall also be imposed at the rate of 0% on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption and is not otherwise included in this paragraph).

On and ~~an~~ after January 1, 2026, food prepared for immediate consumption and transferred incident to a sale of service subject to this Act or the Service Occupation Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or by an entity that holds a permit issued pursuant to the Life Care Facilities Act is exempt from the tax under this Act. On and after January 1, 2026, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption and is not otherwise included in this paragraph) is exempt from the tax under this Act.

The tax shall be imposed at the rate of 1% on prescription and nonprescription medicines, drugs, medical appliances,

products classified as Class III medical devices by the United States Food and Drug Administration that are used for cancer treatment pursuant to a prescription, as well as any accessories and components related to those devices, modifications to a motor vehicle for the purpose of rendering it usable by a person with a disability, and insulin, blood sugar testing materials, syringes, and needles used by human diabetics. For the purposes of this Section, until September 1, 2009: the term "soft drinks" means any complete, finished, ready-to-use, non-alcoholic drink, whether carbonated or not, including, but not limited to, soda water, cola, fruit juice, vegetable juice, carbonated water, and all other preparations commonly known as soft drinks of whatever kind or description that are contained in any closed or sealed bottle, can, carton, or container, regardless of size; but "soft drinks" does not include coffee, tea, non-carbonated water, infant formula, milk or milk products as defined in the Grade A Pasteurized Milk and Milk Products Act, or drinks containing 50% or more natural fruit or vegetable juice.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "soft drinks" means non-alcoholic beverages that contain natural or artificial sweeteners. "Soft drinks" does not include beverages that contain milk or milk products, soy, rice or similar milk substitutes, or greater than 50% of vegetable or fruit juice by volume.

Until August 1, 2009, and notwithstanding any other

provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine. Beginning August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks, candy, and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "food for human consumption that is to be consumed off the premises where it is sold" does not include candy. For purposes of this Section, "candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation that contains flour or requires refrigeration.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "nonprescription medicines and drugs" does not include grooming and hygiene products. For purposes of this Section, "grooming and hygiene products" includes, but is not limited to, soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan

lotions and screens, unless those products are available by prescription only, regardless of whether the products meet the definition of "over-the-counter-drugs". For the purposes of this paragraph, "over-the-counter-drug" means a drug for human use that contains a label that identifies the product as a drug as required by 21 CFR 201.66. The "over-the-counter-drug" label includes:

(A) a "Drug Facts" panel; or

(B) a statement of the "active ingredient(s)" with a list of those ingredients contained in the compound, substance or preparation.

Beginning on January 1, 2014 (the effective date of Public Act 98-122), "prescription and nonprescription medicines and drugs" includes medical cannabis purchased from a registered dispensing organization under the Compassionate Use of Medical Cannabis Program Act.

As used in this Section, "adult use cannabis" means cannabis subject to tax under the Cannabis Cultivation Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and does not include cannabis subject to tax under the Compassionate Use of Medical Cannabis Program Act.

If the property that is acquired from a serviceman is acquired outside Illinois and used outside Illinois before being brought to Illinois for use here and is taxable under this Act, the "selling price" on which the tax is computed shall be reduced by an amount that represents a reasonable

allowance for depreciation for the period of prior out-of-state use. No depreciation is allowed in cases where the tax under this Act is imposed on lease receipts.
(Source: P.A. 102-4, eff. 4-27-21; 102-16, eff. 6-17-21; 102-700, Article 20, Section 20-10, eff. 4-19-22; 102-700, Article 60, Section 60-20, eff. 4-19-22; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23; 103-592, eff. 1-1-25; 103-781, eff. 8-5-24; revised 11-26-24.)

(35 ILCS 110/20) (from Ch. 120, par. 439.50)

Sec. 20. If it is determined that the Department should issue a credit or refund hereunder, the Department may first apply the amount thereof against any amount of tax or penalty or interest due hereunder, or under the Service Occupation Tax Act, the Retailers' Occupation Tax Act, the Use Tax Act, or any local occupation or use tax administered by the Department, ~~Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (c), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act,~~ from the person entitled to such credit or refund. For this purpose, if proceedings are pending to determine whether or not any tax or penalty or interest is due hereunder, or under the Service Occupation Tax Act, the Retailers' Occupation Tax Act, the Use Tax Act, or any local occupation or use tax administered by the Department, ~~Section 4 of the Water Commission Act of 1985,~~

~~subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (c), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act,~~ from such person, the Department may withhold issuance of the credit or refund pending the final disposition of such proceedings and may apply such credit or refund against any amount found to be due to the Department as a result of such proceedings. The balance, if any, of the credit or refund shall be issued to the person entitled thereto.

Any credit memorandum issued hereunder may be used by the authorized holder thereof to pay any tax or penalty or interest due or to become due under this Act, or under the Service Occupation Tax Act, the Retailers' Occupation Tax Act, the Use Tax Act, or any local occupation or use tax administered by the Department, ~~Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (c), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act,~~ from such holder. Subject to reasonable rules of the Department, a credit memorandum issued hereunder may be assigned by the holder thereof to any other person for use in paying tax or penalty or interest which may be due or become due under this Act, or under the Service Occupation Tax Act, the Retailers' Occupation Tax Act, the Use Tax Act, or any local occupation or use tax administered by the Department, ~~Section 4 of the Water Commission Act of 1985,~~

~~subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (c), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act,~~ from the assignee.

In any case which there has been an erroneous refund of tax payable under this Act, a notice of tax liability may be issued at any time within 3 years from the making of that refund, or within 5 years from the making of that refund if it appears that any part of the refund was induced by fraud or the misrepresentation of a material fact. The amount of any proposed assessment set forth in the notice shall be limited to the amount of the erroneous refund.

(Source: P.A. 91-901, eff. 1-1-01.)

Section 25-15. The Service Occupation Tax Act is amended by changing Sections 2, 3, 3-10, 9, and 20 as follows:

(35 ILCS 115/2) (from Ch. 120, par. 439.102)

Sec. 2. In this Act:

"Transfer" means any transfer of the title to property or of the ownership of property whether or not the transferor retains title as security for the payment of amounts due him from the transferee. On and after January 1, 2025, "transfer" also means any transfer of the possession or control of, the right to possess or control, or a license to use, but not title to, tangible personal property.

"Lease" means a transfer of the possession or control of, the right to possess or control, or a license to use, but not title to, tangible personal property for a fixed or indeterminate term for consideration, regardless of the name by which the transaction is called. "Lease" does not include a lease entered into merely as a security agreement that does not involve a transfer of possession or control from the lessor to the lessee.

On and after January 1, 2025, the term "sale", when used in this Act with respect to tangible personal property, includes a lease.

"Cost Price" means the consideration paid by the serviceman for a purchase, including, on and after January 1, 2025, a lease, valued in money, whether paid in money or otherwise, including cash, credits and services, and shall be determined without any deduction on account of the supplier's cost of the property sold or on account of any other expense incurred by the supplier. When a serviceman contracts out part or all of the services required in his sale of service, it shall be presumed that the cost price to the serviceman of the property transferred to him by his or her subcontractor is equal to 50% of the subcontractor's charges to the serviceman in the absence of proof of the consideration paid by the subcontractor for the purchase of such property.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership,

association, joint stock company, joint venture, public or private corporation, limited liability company, and any receiver, executor, trustee, guardian or other representative appointed by order of any court.

"Sale of Service" means any transaction except:

(a) A retail sale of tangible personal property taxable under the Retailers' Occupation Tax Act or under the Use Tax Act.

(b) A sale of tangible personal property for the purpose of resale made in compliance with Section 2c of the Retailers' Occupation Tax Act.

(c) Except as hereinafter provided, a sale or transfer of tangible personal property as an incident to the rendering of service for or by any governmental body or for or by any corporation, society, association, foundation or institution organized and operated exclusively for charitable, religious or educational purposes or any not-for-profit corporation, society, association, foundation, institution or organization which has no compensated officers or employees and which is organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes.

(d) (Blank).

(d-1) A sale or transfer of tangible personal property as

an incident to the rendering of service for owners or lessors, lessees, or shippers of tangible personal property which is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(d-1.1) On and after July 1, 2003 and through June 30, 2004, a sale or transfer of a motor vehicle of the second division with a gross vehicle weight in excess of 8,000 pounds as an incident to the rendering of service if that motor vehicle is subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in

furtherance of any commercial or industrial enterprise whether for-hire or not.

(d-2) The repairing, reconditioning or remodeling, for a common carrier by rail, of tangible personal property which belongs to such carrier for hire, and as to which such carrier receives the physical possession of the repaired, reconditioned or remodeled item of tangible personal property in Illinois, and which such carrier transports, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the person who repaired, reconditioned or remodeled the property as the shipper or consignor of such property to a destination outside Illinois, for use outside Illinois.

(d-3) A sale or transfer of tangible personal property which is produced by the seller thereof on special order in such a way as to have made the applicable tax the Service Occupation Tax or the Service Use Tax, rather than the Retailers' Occupation Tax or the Use Tax, for an interstate carrier by rail which receives the physical possession of such property in Illinois, and which transports such property, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the seller of the property as the shipper or consignor of such property to a destination outside Illinois, for use outside Illinois.

(d-4) Until January 1, 1997, a sale, by a registered

serviceman paying tax under this Act to the Department, of special order printed materials delivered outside Illinois and which are not returned to this State, if delivery is made by the seller or agent of the seller, including an agent who causes the product to be delivered outside Illinois by a common carrier or the U.S. postal service.

(e) A sale or transfer of machinery and equipment used primarily in the process of the manufacturing or assembling, either in an existing, an expanded or a new manufacturing facility, of tangible personal property for wholesale or retail sale or lease, whether such sale or lease is made directly by the manufacturer or by some other person, whether the materials used in the process are owned by the manufacturer or some other person, or whether such sale or lease is made apart from or as an incident to the seller's engaging in a service occupation and the applicable tax is a Service Occupation Tax or Service Use Tax, rather than Retailers' Occupation Tax or Use Tax. The exemption provided by this paragraph (e) includes production related tangible personal property, as defined in Section 3-50 of the Use Tax Act, purchased on or after July 1, 2019. The exemption provided by this paragraph (e) does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or

(iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of Public Act 98-583 are declaratory of existing law as to the meaning and scope of this exemption. The exemption under this subsection (e) is exempt from the provisions of Section 3-75.

(f) Until July 1, 2003, the sale or transfer of distillation machinery and equipment, sold as a unit or kit and assembled or installed by the retailer, which machinery and equipment is certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of such user and not subject to sale or resale.

(g) At the election of (i) any serviceman not required to be otherwise registered as a retailer under Section 2a of the Retailers' Occupation Tax Act; or (ii) beginning January 1, 2026, any servicemen maintaining a place of business in this State who does not make any retail sales of tangible personal property to purchasers in Illinois, made for each fiscal year, sales of service in which the aggregate annual cost price of tangible personal property transferred as an incident to the sales of service is less than 35% (75% in the case of servicemen transferring prescription drugs or servicemen engaged in graphic arts production) of the aggregate annual total gross receipts from all sales of service. The purchase of such tangible personal property by the serviceman shall be

subject to tax under the Retailers' Occupation Tax Act and the Use Tax Act. However, if a primary serviceman who has made the election described in this paragraph subcontracts service work to a secondary serviceman who has also made the election described in this paragraph, the primary serviceman does not incur a Use Tax liability if the secondary serviceman (i) has paid or will pay Use Tax on his or her cost price of any tangible personal property transferred to the primary serviceman and (ii) certifies that fact in writing to the primary serviceman. Beginning January 1, 2026, this election shall not apply to any sale of service through a marketplace that has met the threshold in subsection (d) of Section 3 of this Act. All transactions over such a marketplace shall be subject to the tax imposed under Section 3-10 of this Act.

Tangible personal property transferred incident to the completion of a maintenance agreement is exempt from the tax imposed pursuant to this Act.

Exemption (e) also includes machinery and equipment used in the general maintenance or repair of such exempt machinery and equipment or for in-house manufacture of exempt machinery and equipment. On and after July 1, 2017, exemption (e) also includes graphic arts machinery and equipment, as defined in paragraph (5) of Section 3-5. The machinery and equipment exemption does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas

for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of Public Act 98-583 are declaratory of existing law as to the meaning and scope of this exemption. For the purposes of exemption (e), each of these terms shall have the following meanings: (1) "manufacturing process" shall mean the production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by procedures commonly regarded as manufacturing, processing, fabricating, or refining which changes some existing material or materials into a material with a different form, use or name. In relation to a recognized integrated business composed of a series of operations which collectively constitute manufacturing, or individually constitute manufacturing operations, the manufacturing process shall be deemed to commence with the first operation or stage of production in the series, and shall not be deemed to end until the completion of the final product in the last operation or stage of production in the series; and further for purposes of exemption (e), photoprocessing is deemed to be a manufacturing process of tangible personal property for wholesale or retail sale; (2) "assembling process" shall mean the production of any article

of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by the combination of existing materials in a manner commonly regarded as assembling which results in a material of a different form, use or name; (3) "machinery" shall mean major mechanical machines or major components of such machines contributing to a manufacturing or assembling process; and (4) "equipment" shall include any independent device or tool separate from any machinery but essential to an integrated manufacturing or assembly process; including computers used primarily in a manufacturer's computer assisted design, computer assisted manufacturing (CAD/CAM) system; or any subunit or assembly comprising a component of any machinery or auxiliary, adjunct or attachment parts of machinery, such as tools, dies, jigs, fixtures, patterns and molds; or any parts which require periodic replacement in the course of normal operation; but shall not include hand tools. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a product being manufactured or assembled for wholesale or retail sale or lease. The purchaser of such machinery and equipment who has an active resale registration number shall furnish such number to the seller at the time of purchase. The purchaser of such machinery and equipment and tools without an active resale

registration number shall furnish to the seller a certificate of exemption stating facts establishing the exemption, which certificate shall be available to the Department for inspection or audit.

Except as provided in Section 2d of this Act, the rolling stock exemption applies to rolling stock used by an interstate carrier for hire, even just between points in Illinois, if such rolling stock transports, for hire, persons whose journeys or property whose shipments originate or terminate outside Illinois.

Any informal rulings, opinions or letters issued by the Department in response to an inquiry or request for any opinion from any person regarding the coverage and applicability of exemption (e) to specific devices shall be published, maintained as a public record, and made available for public inspection and copying. If the informal ruling, opinion or letter contains trade secrets or other confidential information, where possible the Department shall delete such information prior to publication. Whenever such informal rulings, opinions, or letters contain any policy of general applicability, the Department shall formulate and adopt such policy as a rule in accordance with the provisions of the Illinois Administrative Procedure Act.

On and after July 1, 1987, no entity otherwise eligible under exemption (c) of this Section shall make tax-free purchases unless it has an active exemption identification

number issued by the Department.

"Serviceman" means any person who is engaged in the occupation of making sales of service.

"Sale at Retail" means "sale at retail" as defined in the Retailers' Occupation Tax Act, which, on and after January 1, 2025, is defined to include leases.

"Supplier" means any person who makes sales of tangible personal property to servicemen for the purpose of resale as an incident to a sale of service.

"Serviceman maintaining a place of business in this State" has the meaning given to that term in Section 2 of the Service Use Tax Act.

"Marketplace" means a physical or electronic place, forum, platform, application, or other method by which a marketplace serviceman makes or offers to make sales of service.

"Marketplace facilitator" means a person who, pursuant to an agreement with an unrelated third-party marketplace serviceman, directly or indirectly through one or more affiliates facilitates sales of service by the unrelated third-party marketplace serviceman through:

(1) listing or advertising for sale by the marketplace serviceman in a marketplace, sales of service that are subject to tax under this Act; and

(2) either directly or indirectly, through agreements or arrangements with third parties, collecting payment from the customer and transmitting that payment to the

marketplace serviceman regardless of whether the marketplace facilitator receives compensation or other consideration in exchange for its services.

"Marketplace serviceman" means a person that makes or offers to make a sale of service through a marketplace operated by an unrelated third-party marketplace facilitator.

(Source: P.A. 103-592, eff. 1-1-25.)

(35 ILCS 115/3) (from Ch. 120, par. 439.103)

Sec. 3. Tax imposed.

(a) A tax is imposed upon all persons engaged in the business of making sales of service (referred to as "servicemen") on all tangible personal property transferred, including, on and after January 1, 2025, transferred by lease, as an incident of a sale of service, including computer software, and including photographs, negatives, and positives that are the product of photoprocessing, but not including products of photoprocessing produced for use in motion pictures for public commercial exhibition. Beginning January 1, 2001, prepaid telephone calling arrangements shall be considered tangible personal property subject to the tax imposed under this Act regardless of the form in which those arrangements may be embodied, transmitted, or fixed by any method now known or hereafter developed. Sales of (1) electricity delivered to customers by wire; (2) natural or artificial gas that is delivered to customers through pipes,

pipelines, or mains; and (3) water that is delivered to customers through pipes, pipelines, or mains are not subject to tax under this Act. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this Act.

(b) Beginning on January 1, 2026, a serviceman maintaining a place of business in this State that makes sales of service to Illinois customers from a location or locations outside of Illinois is engaged in the business of making sales of service in Illinois for the purposes of this Act. A qualifying serviceman under this subsection (b) is liable for all applicable State and locally imposed service occupation taxes administered by the Department on all tangible personal property transferred as an incident of a sale of service made by the serviceman to Illinois customers from locations outside of Illinois.

(c) A serviceman maintaining a place of business in this State that is required to collect taxes imposed under the Service Use Tax Act on sales of service made to Illinois purchasers shall be liable to the Department for such taxes, except when the serviceman maintaining a place of business in this State is relieved of the duty to remit such taxes by virtue of having paid to the Department taxes imposed by this Act in accordance with this Section upon such sales.

(d) Beginning January 1, 2026, a marketplace facilitator whose cumulative gross receipts from sales of service to

purchasers in Illinois by the marketplace facilitator and by marketplace servicemen selling through the marketplace are $100,000 or more is engaged in the business of making sales of service in Illinois for purposes of this Act for each sale of service made through its marketplace.

A marketplace facilitator who meets the threshold of this subsection (d) is required to remit the applicable State service occupation taxes under this Act and local service occupation taxes administered by the Department on all taxable transfers of tangible personal property made incident to sales of service by the marketplace facilitator or facilitated for marketplace servicemen to customers in this State. A marketplace facilitator transferring or facilitating the transfer of tangible personal property incident to a sale of service to customers in this State is subject to all applicable procedures and requirements of this Act.

The marketplace facilitator shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the marketplace facilitator meets the threshold of this subsection (d) for the preceding 12-month period. If the marketplace facilitator meets the threshold for a 12-month period, the marketplace facilitator is considered a serviceman maintaining a place of business in this State and is required to remit the tax imposed under this Act and all service occupation tax imposed by local taxing jurisdictions in Illinois, provided such local taxes are administered by the

Department, and to file all applicable returns for one year. At the end of the one-year period, the marketplace facilitator shall determine whether the marketplace facilitator met the threshold for the preceding 12-month period. If the marketplace facilitator met the threshold for the preceding 12-month period, the marketplace facilitator is considered a serviceman maintaining a place of business in this State and is required to remit all applicable State and local service occupation taxes and file returns for the subsequent year. If at the end of a one-year period a marketplace facilitator that was required to remit the tax imposed under this Act determines that the marketplace facilitator did not meet the threshold during the preceding 12-month period, the marketplace facilitator shall subsequently determine on a quarterly basis, ending on the last day of March, June, September, and December, whether he or she meets the threshold for the preceding 12-month period.

(e) A marketplace facilitator shall be entitled to any credits, deductions, or adjustments to the sales price otherwise provided to the marketplace serviceman, in addition to any such adjustments provided directly to the marketplace facilitator. This Section pertains to, but is not limited to, adjustments such as discounts, coupons, and rebates. In addition, a marketplace facilitator shall be entitled to the vendors' discount provided in Section 9 of the Service Occupation Tax Act on all marketplace sales of service, and

the marketplace serviceman shall not include sales of service made through a marketplace facilitator when computing any vendors' discount on remaining sales of service. Marketplace facilitators shall report and remit the applicable State and local service occupation taxes on sales of service facilitated for marketplace servicemen separately from any service occupation or service use tax collected on taxable sales of service made directly by the marketplace facilitator or its affiliates.

The marketplace facilitator is liable for the remittance of all applicable State service occupation taxes under this Act and local service occupation taxes administered by the Department on sales of service through the marketplace and is subject to audit on all such sales of service. The Department shall not audit marketplace servicemen for their marketplace sales of service where a marketplace facilitator remitted the applicable State and local service occupation taxes unless the marketplace facilitator seeks relief as a result of incorrect information provided to the marketplace facilitator by a marketplace serviceman as set forth in this Section. The marketplace facilitator shall not be held liable for tax on any sales of service made by a marketplace serviceman that take place outside of the marketplace and which are not a part of any agreement between a marketplace facilitator and a marketplace serviceman. In addition, marketplace facilitators shall not be held liable to State and local governments of

Illinois for having charged and remitted an incorrect amount of State and local service occupation tax if, at the time of the sale of service, the tax is computed based on erroneous data provided by the State in database files on tax rates, boundaries, or taxing jurisdictions or incorrect information provided to the marketplace facilitator by the marketplace serviceman, including the marketplace serviceman's cost ratio and registration status.

(f) A marketplace facilitator shall:

(1) certify to each marketplace serviceman that the marketplace facilitator assumes the rights and duties of a serviceman under this Act with respect to sales of service made by the marketplace serviceman through the marketplace; and

(2) remit taxes imposed by this Act as required by this Act for sales of service made through the marketplace.

(g) A marketplace serviceman shall retain books and records for all sales of service made through a marketplace in accordance with the requirements of Section 11 of this Act.

(h) A marketplace serviceman shall furnish to the marketplace facilitator information that is necessary for the marketplace facilitator to correctly remit taxes for a sale of service. Such information includes the cost price of any item transferred incident to a sale of service under this Act when the cost price of an item exceeds 50% of the total invoice

price of a sale of service made through the marketplace. The information may include a certification that an item transferred incident to a sale of service under this Act is taxable, not taxable, exempt from taxation, or taxable at a specified rate. A marketplace serviceman shall be held harmless for liability for the tax imposed under this Act when a marketplace facilitator fails to correctly collect and remit tax after having been provided with information by a marketplace serviceman to correctly collect and remit taxes imposed under this Act.

(i) If the marketplace facilitator demonstrates to the satisfaction of the Department that its failure to correctly collect and remit tax on a sale of service resulted from the marketplace facilitator's good faith reliance on incorrect or insufficient information provided by a marketplace serviceman, it shall be relieved of liability for the tax on that sale of service and the marketplace serviceman shall be liable for any resulting tax due.

(j) A marketplace facilitator is subject to audit on all marketplace sales of service for which it is considered to be the serviceman, but shall not be liable for tax or subject to audit on sales of service made by marketplace servicemen outside of the marketplace.

(k) A marketplace facilitator required to collect taxes imposed under the Service Use Tax Act on marketplace sales of service made to Illinois purchasers shall be liable to the

Department for such taxes, except when the marketplace facilitator is relieved of the duty to remit such taxes by virtue of having paid to the Department taxes imposed by this Act in accordance with this Section from such sales of service.

(l) Nothing in this Section shall allow the Department to collect service occupation taxes from both the marketplace facilitator and marketplace serviceman on the same transaction.

(m) If, for any reason, the Department is prohibited from enforcing the marketplace facilitator's duty under this Act to remit taxes pursuant to this Section, the duty to remit such taxes remains with the marketplace serviceman.

The imposition of the tax under this Act on tangible personal property transferred by lease by persons engaged in the business of making sales of service applies to leases in effect, entered into, or renewed on or after January 1, 2025. In the case of leases, except as otherwise provided in this Act, the serviceman who is a lessor must remit for each tax return period only the tax applicable to that part of the selling price actually received during such tax return period. (Source: P.A. 103-592, eff. 1-1-25.)

(35 ILCS 115/3-10)

Sec. 3-10. Rate of tax. Unless otherwise provided in this Section, the tax imposed by this Act is at the rate of 6.25% of

the "selling price", as defined in Section 2 of the Service Use Tax Act, of the tangible personal property, including, on and after January 1, 2025, tangible personal property transferred by lease. For the purpose of computing this tax, in no event shall the "selling price" be less than the cost price to the serviceman of the tangible personal property transferred. The selling price of each item of tangible personal property transferred as an incident of a sale of service may be shown as a distinct and separate item on the serviceman's billing to the service customer. If the selling price is not so shown, the selling price of the tangible personal property is deemed to be 50% of the serviceman's entire billing to the service customer. When, however, a serviceman contracts to design, develop, and produce special order machinery or equipment, the tax imposed by this Act shall be based on the serviceman's cost price of the tangible personal property transferred incident to the completion of the contract.

Beginning on July 1, 2000 and through December 31, 2000, with respect to motor fuel, as defined in Section 1.1 of the Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of the Use Tax Act, the tax is imposed at the rate of 1.25%.

With respect to gasohol, as defined in the Use Tax Act, the tax imposed by this Act shall apply to (i) 70% of the cost price of property transferred as an incident to the sale of service on or after January 1, 1990, and before July 1, 2003, (ii) 80% of the selling price of property transferred as an

incident to the sale of service on or after July 1, 2003 and on or before July 1, 2017, (iii) 100% of the selling price of property transferred as an incident to the sale of service after July 1, 2017 and prior to January 1, 2024, (iv) 90% of the selling price of property transferred as an incident to the sale of service on or after January 1, 2024 and on or before December 31, 2028, and (v) 100% of the selling price of property transferred as an incident to the sale of service after December 31, 2028. If, at any time, however, the tax under this Act on sales of gasohol, as defined in the Use Tax Act, is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of gasohol made during that time.

With respect to mid-range ethanol blends, as defined in Section 3-44.3 of the Use Tax Act, the tax imposed by this Act applies to (i) 80% of the selling price of property transferred as an incident to the sale of service on or after January 1, 2024 and on or before December 31, 2028 and (ii) 100% of the selling price of property transferred as an incident to the sale of service after December 31, 2028. If, at any time, however, the tax under this Act on sales of mid-range ethanol blends is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the selling price of mid-range ethanol blends transferred as an incident to the sale of service during that time.

With respect to majority blended ethanol fuel, as defined

in the Use Tax Act, the tax imposed by this Act does not apply to the selling price of property transferred as an incident to the sale of service on or after July 1, 2003 and on or before December 31, 2028 but applies to 100% of the selling price thereafter.

With respect to biodiesel blends, as defined in the Use Tax Act, with no less than 1% and no more than 10% biodiesel, the tax imposed by this Act applies to (i) 80% of the selling price of property transferred as an incident to the sale of service on or after July 1, 2003 and on or before December 31, 2018 and (ii) 100% of the proceeds of the selling price after December 31, 2018 and before January 1, 2024. On and after January 1, 2024 and on or before December 31, 2030, the taxation of biodiesel, renewable diesel, and biodiesel blends shall be as provided in Section 3-5.1 of the Use Tax Act. If, at any time, however, the tax under this Act on sales of biodiesel blends, as defined in the Use Tax Act, with no less than 1% and no more than 10% biodiesel is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of biodiesel blends with no less than 1% and no more than 10% biodiesel made during that time.

With respect to biodiesel, as defined in the Use Tax Act, and biodiesel blends, as defined in the Use Tax Act, with more than 10% but no more than 99% biodiesel material, the tax imposed by this Act does not apply to the proceeds of the selling price of property transferred as an incident to the

sale of service on or after July 1, 2003 and on or before December 31, 2023. On and after January 1, 2024 and on or before December 31, 2030, the taxation of biodiesel, renewable diesel, and biodiesel blends shall be as provided in Section 3-5.1 of the Use Tax Act.

At the election of any registered serviceman made for each fiscal year, for whom ~~sales of service in which~~ the aggregate annual cost price of tangible personal property transferred as an incident to the sales of service is less than 35%, or 75% in the case of servicemen transferring prescription drugs or servicemen engaged in graphic arts production, of the aggregate annual total gross receipts from all sales of service, the tax imposed by this Act shall be based on the serviceman's cost price of the tangible personal property transferred incident to the sale of those services. This election may also be made by a serviceman maintaining a place of business in this State who makes retail sales from outside of this State to Illinois customers but is not required to be registered under Section 2a of the Retailers' Occupation Tax Act. Beginning January 1, 2026, this election shall not apply to any sale of service made through a marketplace that has met the threshold in subsection (d) of Section 3 of this Act.

Beginning January 1, 2026, the tax shall be imposed at the rate of 6.25% of 50% of the entire billing to the service customer for all sales of service made through a marketplace that has met the threshold in subsection (d) of Section 3 of

this Act. In no event shall 50% of the entire billing be less than the cost price of the property to the marketplace serviceman or the marketplace facilitator on its own sales of service.

Until July 1, 2022 and from July 1, 2023 through December 31, 2025, the tax shall be imposed at the rate of 1% on food prepared for immediate consumption and transferred incident to a sale of service subject to this Act or the Service Use Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act. Until July 1, 2022 and from July 1, 2023 through December 31, 2025, the tax shall also be imposed at the rate of 1% on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption and is not otherwise included in this paragraph).

Beginning on July 1, 2022 and until July 1, 2023, the tax shall be imposed at the rate of 0% on food prepared for immediate consumption and transferred incident to a sale of service subject to this Act or the Service Use Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing

Home Care Act, the Assisted Living and Shared Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act. Beginning July 1, 2022 and until July 1, 2023, the tax shall also be imposed at the rate of 0% on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption and is not otherwise included in this paragraph).

On and after January 1, 2026, food prepared for immediate consumption and transferred incident to a sale of service subject to this Act or the Service Use Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act is exempt from the tax imposed by this Act. On and after January 1, 2026, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption and is not otherwise included in this paragraph) is exempt from the tax

imposed by this Act.

The tax shall be imposed at the rate of 1% on prescription and nonprescription medicines, drugs, medical appliances, products classified as Class III medical devices by the United States Food and Drug Administration that are used for cancer treatment pursuant to a prescription, as well as any accessories and components related to those devices, modifications to a motor vehicle for the purpose of rendering it usable by a person with a disability, and insulin, blood sugar testing materials, syringes, and needles used by human diabetics. For the purposes of this Section, until September 1, 2009: the term "soft drinks" means any complete, finished, ready-to-use, non-alcoholic drink, whether carbonated or not, including, but not limited to, soda water, cola, fruit juice, vegetable juice, carbonated water, and all other preparations commonly known as soft drinks of whatever kind or description that are contained in any closed or sealed can, carton, or container, regardless of size; but "soft drinks" does not include coffee, tea, non-carbonated water, infant formula, milk or milk products as defined in the Grade A Pasteurized Milk and Milk Products Act, or drinks containing 50% or more natural fruit or vegetable juice.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "soft drinks" means non-alcoholic beverages that contain natural or artificial sweeteners. "Soft drinks" does not include beverages that contain milk or milk

products, soy, rice or similar milk substitutes, or greater than 50% of vegetable or fruit juice by volume.

Until August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine. Beginning August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks, candy, and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "food for human consumption that is to be consumed off the premises where it is sold" does not include candy. For purposes of this Section, "candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation that contains flour or requires refrigeration.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "nonprescription medicines and drugs" does not include grooming and hygiene products. For

purposes of this Section, "grooming and hygiene products" includes, but is not limited to, soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, unless those products are available by prescription only, regardless of whether the products meet the definition of "over-the-counter-drugs". For the purposes of this paragraph, "over-the-counter-drug" means a drug for human use that contains a label that identifies the product as a drug as required by 21 CFR 201.66. The "over-the-counter-drug" label includes:

(A) a "Drug Facts" panel; or

(B) a statement of the "active ingredient(s)" with a list of those ingredients contained in the compound, substance or preparation.

Beginning on January 1, 2014 (the effective date of Public Act 98-122), "prescription and nonprescription medicines and drugs" includes medical cannabis purchased from a registered dispensing organization under the Compassionate Use of Medical Cannabis Program Act.

As used in this Section, "adult use cannabis" means cannabis subject to tax under the Cannabis Cultivation Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and does not include cannabis subject to tax under the Compassionate Use of Medical Cannabis Program Act.

(Source: P.A. 102-4, eff. 4-27-21; 102-16, eff. 6-17-21; 102-700, Article 20, Section 20-15, eff. 4-19-22; 102-700,

Article 60, Section 60-25, eff. 4-19-22; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23; 103-592, eff. 1-1-25; 103-781, eff. 8-5-24; revised 11-26-24.)

(35 ILCS 115/9) (from Ch. 120, par. 439.109)

Sec. 9. Each serviceman required or authorized to collect the tax herein imposed shall pay to the Department the amount of such tax at the time when he is required to file his return for the period during which such tax was collectible, less a discount of 2.1% prior to January 1, 1990, and 1.75% on and after January 1, 1990, or $5 per calendar year, whichever is greater, which is allowed to reimburse the serviceman for expenses incurred in collecting the tax, keeping records, preparing and filing returns, remitting the tax, and supplying data to the Department on request. On and after January 1, 2026, a certified service provider, as defined in the Leveling the Playing Field for Illinois Retail Act, filing the return under this Section on behalf of a serviceman maintaining a place of business in this State shall, at the time of such return, pay to the Department the amount of tax imposed by this Act less a discount of 1.75%, not to exceed $1000 per month as provided in this Section. A serviceman maintaining a place of business in this State using a certified service provider to file a return on its behalf, as provided in the Leveling the Playing Field for Illinois Retail Act, is not eligible for the discount. Beginning with returns due on or after January 1,

2025, the vendor's discount allowed in this Section, the Retailers' Occupation Tax Act, the Use Tax Act, and the Service Use Tax Act, including any local tax administered by the Department and reported on the same return, shall not exceed $1,000 per month in the aggregate. When determining the discount allowed under this Section, servicemen shall include the amount of tax that would have been due at the 1% rate but for the 0% rate imposed under Public Act 102-700. The discount under this Section is not allowed for the 1.25% portion of taxes paid on aviation fuel that is subject to the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133. The discount allowed under this Section is allowed only for returns that are filed in the manner required by this Act. The Department may disallow the discount for servicemen whose certificate of registration is revoked at the time the return is filed, but only if the Department's decision to revoke the certificate of registration has become final.

Where such tangible personal property is sold under a conditional sales contract, or under any other form of sale wherein the payment of the principal sum, or a part thereof, is extended beyond the close of the period for which the return is filed, the serviceman, in collecting the tax may collect, for each tax return period, only the tax applicable to the part of the selling price actually received during such tax return period.

Except as provided hereinafter in this Section, on or

before the twentieth day of each calendar month, such serviceman shall file a return for the preceding calendar month in accordance with reasonable rules and regulations to be promulgated by the Department of Revenue. Such return shall be filed on a form prescribed by the Department and shall contain such information as the Department may reasonably require. The return shall include the gross receipts which were received during the preceding calendar month or quarter on the following items upon which tax would have been due but for the 0% rate imposed under Public Act 102-700: (i) food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption); and (ii) food prepared for immediate consumption and transferred incident to a sale of service subject to this Act or the Service Use Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act. The return shall also include the amount of tax that would have been due on the items listed in the previous sentence but for the 0% rate imposed under Public Act 102-700.

On and after January 1, 2018, with respect to servicemen whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act shall be filed electronically. Servicemen who demonstrate that they do not have access to the Internet or demonstrate hardship in filing electronically may petition the Department to waive the electronic filing requirement.

The Department may require returns to be filed on a quarterly basis. If so required, a return for each calendar quarter shall be filed on or before the twentieth day of the calendar month following the end of such calendar quarter. The taxpayer shall also file a return with the Department for each of the first two months of each calendar quarter, on or before the twentieth day of the following calendar month, stating:

1. The name of the seller;

2. The address of the principal place of business from which he engages in business as a serviceman in this State;

3. The total amount of taxable receipts received by him during the preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;

4. The amount of credit provided in Section 2d of this Act;

5. The amount of tax due;

5-5. The signature of the taxpayer; and

6. Such other reasonable information as the Department may require.

Each serviceman required or authorized to collect the tax herein imposed on aviation fuel acquired as an incident to the purchase of a service in this State during the preceding calendar month shall, instead of reporting and paying tax as otherwise required by this Section, report and pay such tax on a separate aviation fuel tax return. The requirements related to the return shall be as otherwise provided in this Section. Notwithstanding any other provisions of this Act to the contrary, servicemen transferring aviation fuel incident to sales of service shall file all aviation fuel tax returns and shall make all aviation fuel tax payments by electronic means in the manner and form required by the Department. For purposes of this Section, "aviation fuel" means jet fuel and aviation gasoline.

If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.

Notwithstanding any other provision of this Act to the contrary, servicemen subject to tax on cannabis shall file all cannabis tax returns and shall make all cannabis tax payments by electronic means in the manner and form required by the Department.

Prior to October 1, 2003, and on and after September 1,

2004 a serviceman may accept a Manufacturer's Purchase Credit certification from a purchaser in satisfaction of Service Use Tax as provided in Section 3-70 of the Service Use Tax Act if the purchaser provides the appropriate documentation as required by Section 3-70 of the Service Use Tax Act. A Manufacturer's Purchase Credit certification, accepted prior to October 1, 2003 or on or after September 1, 2004 by a serviceman as provided in Section 3-70 of the Service Use Tax Act, may be used by that serviceman to satisfy Service Occupation Tax liability in the amount claimed in the certification, not to exceed 6.25% of the receipts subject to tax from a qualifying purchase. A Manufacturer's Purchase Credit reported on any original or amended return filed under this Act after October 20, 2003 for reporting periods prior to September 1, 2004 shall be disallowed. Manufacturer's Purchase Credit reported on annual returns due on or after January 1, 2005 will be disallowed for periods prior to September 1, 2004. No Manufacturer's Purchase Credit may be used after September 30, 2003 through August 31, 2004 to satisfy any tax liability imposed under this Act, including any audit liability.

Beginning on July 1, 2023 and through December 31, 2032, a serviceman may accept a Sustainable Aviation Fuel Purchase Credit certification from an air common carrier-purchaser in satisfaction of Service Use Tax as provided in Section 3-72 of the Service Use Tax Act if the purchaser provides the

appropriate documentation as required by Section 3-72 of the Service Use Tax Act. A Sustainable Aviation Fuel Purchase Credit certification accepted by a serviceman in accordance with this paragraph may be used by that serviceman to satisfy service occupation tax liability (but not in satisfaction of penalty or interest) in the amount claimed in the certification, not to exceed 6.25% of the receipts subject to tax from a sale of aviation fuel. In addition, for a sale of aviation fuel to qualify to earn the Sustainable Aviation Fuel Purchase Credit, servicemen must retain in their books and records a certification from the producer of the aviation fuel that the aviation fuel sold by the serviceman and for which a sustainable aviation fuel purchase credit was earned meets the definition of sustainable aviation fuel under Section 3-72 of the Service Use Tax Act. The documentation must include detail sufficient for the Department to determine the number of gallons of sustainable aviation fuel sold.

If the serviceman's average monthly tax liability to the Department does not exceed $200, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February, and March of a given year being due by April 20 of such year; with the return for April, May, and June of a given year being due by July 20 of such year; with the return for July, August, and September of a given year being due by October 20 of such year, and with the return for October, November, and December of a given year being due by

January 20 of the following year.

If the serviceman's average monthly tax liability to the Department does not exceed $50, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 20 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Act concerning the time within which a serviceman may file his return, in the case of any serviceman who ceases to engage in a kind of business which makes him responsible for filing returns under this Act, such serviceman shall file a final return under this Act with the Department not more than one month after discontinuing such business.

Beginning October 1, 1993, a taxpayer who has an average monthly tax liability of $150,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1994, a taxpayer who has an average monthly tax liability of $100,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or

more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" means the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

Before August 1 of each year beginning in 1993, the Department shall notify all taxpayers required to make payments by electronic funds transfer. All taxpayers required to make payments by electronic funds transfer shall make those payments for a minimum of one year beginning on October 1.

Any taxpayer not required to make payments by electronic funds transfer may make payments by electronic funds transfer with the permission of the Department.

All taxpayers required to make payment by electronic funds transfer and any taxpayers authorized to voluntarily make payments by electronic funds transfer shall make those payments in the manner authorized by the Department.

The Department shall adopt such rules as are necessary to effectuate a program of electronic funds transfer and the requirements of this Section.

Where a serviceman collects the tax with respect to the selling price of tangible personal property which he sells and the purchaser thereafter returns such tangible personal property and the serviceman refunds the selling price thereof to the purchaser, such serviceman shall also refund, to the purchaser, the tax so collected from the purchaser. When filing his return for the period in which he refunds such tax to the purchaser, the serviceman may deduct the amount of the tax so refunded by him to the purchaser from any other Service Occupation Tax, Service Use Tax, Retailers' Occupation Tax, or Use Tax which such serviceman may be required to pay or remit to the Department, as shown by such return, provided that the amount of the tax to be deducted shall previously have been remitted to the Department by such serviceman. If the serviceman shall not previously have remitted the amount of such tax to the Department, he shall be entitled to no deduction hereunder upon refunding such tax to the purchaser.

If experience indicates such action to be practicable, the Department may prescribe and furnish a combination or joint return which will enable servicemen, who are required to file returns hereunder and also under the Retailers' Occupation Tax Act, the Use Tax Act, or the Service Use Tax Act, to furnish all the return information required by all said Acts on the one

form.

Where the serviceman has more than one business registered with the Department under separate registrations hereunder, such serviceman shall file separate returns for each registered business.

The net revenue realized at the 15% rate under either Section 4 or Section 5 of the Retailers' Occupation Tax Act, as incorporated into this Act by Section 12, shall be deposited as follows: (i) notwithstanding the provisions of this Section to the contrary, the net revenue realized from the portion of the rate in excess of 5% shall be deposited into the State and Local Sales Tax Reform Fund; and (ii) the net revenue realized from the 5% portion of the rate shall be deposited as provided in this Section for the 5% portion of the 6.25% general rate imposed under this Act.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund the revenue realized for the preceding month from the 1% tax imposed under this Act.

Beginning January 1, 1990, each month the Department shall pay into the County and Mass Transit District Fund 4% of the revenue realized for the preceding month from the 6.25% general rate on sales of tangible personal property other than aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the County and Mass Transit District Fund 20% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund 16% of the revenue realized for the preceding month from the 6.25% general rate on transfers of tangible personal property other than aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

For aviation fuel sold on or after December 1, 2019, each month the Department shall pay into the State Aviation Program Fund 20% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of aviation fuel, less an amount estimated by the Department to be required for refunds of the 20% portion of the tax on aviation fuel under this Act, which amount shall be deposited into the Aviation Fuel Sales Tax Refund Fund. The Department shall only pay moneys into the State Aviation Program Fund and the Aviation Fuel Sales Tax Refund Fund under this Act for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the Local Government Tax Fund 80% of the net revenue

realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol.

Beginning October 1, 2009, each month the Department shall pay into the Capital Projects Fund an amount that is equal to an amount estimated by the Department to represent 80% of the net revenue realized for the preceding month from the sale of candy, grooming and hygiene products, and soft drinks that had been taxed at a rate of 1% prior to September 1, 2009 but that are now taxed at 6.25%.

Beginning July 1, 2013, each month the Department shall pay into the Underground Storage Tank Fund from the proceeds collected under this Act, the Use Tax Act, the Service Use Tax Act, and the Retailers' Occupation Tax Act an amount equal to the average monthly deficit in the Underground Storage Tank Fund during the prior year, as certified annually by the Illinois Environmental Protection Agency, but the total payment into the Underground Storage Tank Fund under this Act, the Use Tax Act, the Service Use Tax Act, and the Retailers' Occupation Tax Act shall not exceed $18,000,000 in any State fiscal year. As used in this paragraph, the "average monthly deficit" shall be equal to the difference between the average monthly claims for payment by the fund and the average monthly revenues deposited into the fund, excluding payments made pursuant to this paragraph.

Beginning July 1, 2015, of the remainder of the moneys received by the Department under the Use Tax Act, the Service

Use Tax Act, this Act, and the Retailers' Occupation Tax Act, each month the Department shall deposit $500,000 into the State Crime Laboratory Fund.

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%, as the case may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to Section 3 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as defined in Section 3 of the Retailers' Occupation Tax Act), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Account in the Build Illinois Fund during such month and (2) the amount

transferred during such month to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year; and, further provided, that the amounts payable into the Build Illinois Fund under this clause (b) shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing Bonds issued and outstanding pursuant to the Build Illinois Bond Act is sufficient, taking into account any future investment income, to fully provide, in accordance with such indenture, for the defeasance of or the payment of the principal of, premium, if any, and interest on the Bonds secured by such indenture and on any Bonds expected to be issued thereafter and all fees and costs payable with respect thereto, all as certified by the Director of the Bureau of the Budget (now Governor's Office of Management and Budget). If on the last business day of any month in which Bonds are outstanding pursuant to the Build Illinois Bond Act, the aggregate of the moneys deposited in the Build Illinois Bond

Account in the Build Illinois Fund in such month shall be less than the amount required to be transferred in such month from the Build Illinois Bond Account to the Build Illinois Bond Retirement and Interest Fund pursuant to Section 13 of the Build Illinois Bond Act, an amount equal to such deficiency shall be immediately paid from other moneys received by the Department pursuant to the Tax Acts to the Build Illinois Fund; provided, however, that any amounts paid to the Build Illinois Fund in any fiscal year pursuant to this sentence shall be deemed to constitute payments pursuant to clause (b) of the preceding sentence and shall reduce the amount otherwise payable for such fiscal year pursuant to clause (b) of the preceding sentence. The moneys received by the Department pursuant to this Act and required to be deposited into the Build Illinois Fund are subject to the pledge, claim and charge set forth in Section 12 of the Build Illinois Bond Act.

Subject to payment of amounts into the Build Illinois Fund as provided in the preceding paragraph or in any amendment thereto hereafter enacted, the following specified monthly installment of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority provided under Section 8.25f of the State Finance Act, but not in excess of the sums designated as "Total Deposit", shall be deposited in the aggregate from collections under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section

9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act into the McCormick Place Expansion Project Fund in the specified fiscal years.

Fiscal Year	Total Deposit
1993	$0
1994	53,000,000
1995	58,000,000
1996	61,000,000
1997	64,000,000
1998	68,000,000
1999	71,000,000
2000	75,000,000
2001	80,000,000
2002	93,000,000
2003	99,000,000
2004	103,000,000
2005	108,000,000
2006	113,000,000
2007	119,000,000
2008	126,000,000
2009	132,000,000
2010	139,000,000
2011	146,000,000
2012	153,000,000
2013	161,000,000

2014	170,000,000
2015	179,000,000
2016	189,000,000
2017	199,000,000
2018	210,000,000
2019	221,000,000
2020	233,000,000
2021	300,000,000
2022	300,000,000
2023	300,000,000
2024	300,000,000
2025	300,000,000
2026	300,000,000
2027	375,000,000
2028	375,000,000
2029	375,000,000
2030	375,000,000
2031	375,000,000
2032	375,000,000
2033	375,000,000
2034	375,000,000
2035	375,000,000
2036	450,000,000
and	
each fiscal year thereafter that bonds	

are outstanding under
Section 13.2 of the
Metropolitan Pier and
Exposition Authority Act,
but not after fiscal year 2060.

Beginning July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority for that fiscal year, less the amount deposited into the McCormick Place Expansion Project Fund by the State Treasurer in the respective month under subsection (g) of Section 13 of the Metropolitan Pier and Exposition Authority Act, plus cumulative deficiencies in the deposits required under this Section for previous months and years, shall be deposited into the McCormick Place Expansion Project Fund, until the full amount requested for the fiscal year, but not in excess of the amount specified above as "Total Deposit", has been deposited.

Subject to payment of amounts into the Capital Projects Fund, the Build Illinois Fund, and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, for aviation fuel sold on or after December 1, 2019, the Department shall each month deposit into the Aviation Fuel Sales Tax Refund Fund an amount estimated by the Department to be required for refunds of the 80% portion of the tax on aviation fuel under this Act.

The Department shall only deposit moneys into the Aviation Fuel Sales Tax Refund Fund under this paragraph for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Subject to payment of amounts into the Build Illinois Fund and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, beginning July 1, 1993 and ending on September 30, 2013, the Department shall each month pay into the Illinois Tax Increment Fund 0.27% of 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property.

Subject to payment of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, and the Illinois Tax Increment Fund pursuant to the preceding paragraphs or in any amendments to this Section hereafter enacted, beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098), each month, from the collections made under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act, the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue, an amount equal to 1/12 of 5% of 80% of the cash receipts

collected during the preceding fiscal year by the Audit Bureau of the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and associated local occupation and use taxes administered by the Department.

Subject to payments of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, beginning on July 1, 2018 the Department shall pay each month into the Downstate Public Transportation Fund the moneys required to be so paid under Section 2-3 of the Downstate Public Transportation Act.

Subject to successful execution and delivery of a public-private agreement between the public agency and private entity and completion of the civic build, beginning on July 1, 2023, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, the Department shall deposit the following specified deposits in the aggregate from collections under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, as required under Section 8.25g of the State Finance Act for distribution consistent with the Public-Private Partnership for Civic and Transit Infrastructure Project Act. The moneys received by the Department pursuant to this Act and required to be deposited into the Civic and Transit

Infrastructure Fund are subject to the pledge, claim and charge set forth in Section 25-55 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act. As used in this paragraph, "civic build", "private entity", "public-private agreement", and "public agency" have the meanings provided in Section 25-10 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act.

Fiscal Year	Total Deposit
2024	$200,000,000
2025	$206,000,000
2026	$212,200,000
2027	$218,500,000
2028	$225,100,000
2029	$288,700,000
2030	$298,900,000
2031	$309,300,000
2032	$320,100,000
2033	$331,200,000
2034	$341,200,000
2035	$351,400,000
2036	$361,900,000
2037	$372,800,000
2038	$384,000,000
2039	$395,500,000
2040	$407,400,000
2041	$419,600,000

2042 ..... $432,200,000

2043 ..... $445,100,000

Beginning July 1, 2021 and until July 1, 2022, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 16% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2022 and until July 1, 2023, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 32% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2023 and until July 1, 2024, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount

estimated to represent 48% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2024 and until July 1, 2025, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 64% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning on July 1, 2025, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 80% of the net revenue realized from the taxes imposed on motor fuel and gasohol. As used in this paragraph "motor fuel" has the meaning given to that term in Section 1.1 of the Motor Fuel Tax Law, and "gasohol" has the meaning given to that term in Section 3-40 of the Use Tax Act.

Of the remainder of the moneys received by the Department pursuant to this Act, 75% shall be paid into the General Revenue Fund of the State treasury and 25% shall be reserved in a special account and used only for the transfer to the Common

School Fund as part of the monthly transfer from the General Revenue Fund in accordance with Section 8a of the State Finance Act.

The Department may, upon separate written notice to a taxpayer, require the taxpayer to prepare and file with the Department on a form prescribed by the Department within not less than 60 days after receipt of the notice an annual information return for the tax year specified in the notice. Such annual return to the Department shall include a statement of gross receipts as shown by the taxpayer's last federal income tax return. If the total receipts of the business as reported in the federal income tax return do not agree with the gross receipts reported to the Department of Revenue for the same period, the taxpayer shall attach to his annual return a schedule showing a reconciliation of the 2 amounts and the reasons for the difference. The taxpayer's annual return to the Department shall also disclose the cost of goods sold by the taxpayer during the year covered by such return, opening and closing inventories of such goods for such year, cost of goods used from stock or taken from stock and given away by the taxpayer during such year, pay roll information of the taxpayer's business during such year and any additional reasonable information which the Department deems would be helpful in determining the accuracy of the monthly, quarterly or annual returns filed by such taxpayer as hereinbefore provided for in this Section.

If the annual information return required by this Section is not filed when and as required, the taxpayer shall be liable as follows:

(i) Until January 1, 1994, the taxpayer shall be liable for a penalty equal to 1/6 of 1% of the tax due from such taxpayer under this Act during the period to be covered by the annual return for each month or fraction of a month until such return is filed as required, the penalty to be assessed and collected in the same manner as any other penalty provided for in this Act.

(ii) On and after January 1, 1994, the taxpayer shall be liable for a penalty as described in Section 3-4 of the Uniform Penalty and Interest Act.

The chief executive officer, proprietor, owner, or highest ranking manager shall sign the annual return to certify the accuracy of the information contained therein. Any person who willfully signs the annual return containing false or inaccurate information shall be guilty of perjury and punished accordingly. The annual return form prescribed by the Department shall include a warning that the person signing the return may be liable for perjury.

The foregoing portion of this Section concerning the filing of an annual information return shall not apply to a serviceman who is not required to file an income tax return with the United States Government.

As soon as possible after the first day of each month, upon

certification of the Department of Revenue, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the Motor Fuel Tax Fund an amount equal to 1.7% of 80% of the net revenue realized under this Act for the second preceding month. Beginning April 1, 2000, this transfer is no longer required and shall not be made.

Net revenue realized for a month shall be the revenue collected by the State pursuant to this Act, less the amount paid out during that month as refunds to taxpayers for overpayment of liability.

For greater simplicity of administration, it shall be permissible for manufacturers, importers and wholesalers whose products are sold by numerous servicemen in Illinois, and who wish to do so, to assume the responsibility for accounting and paying to the Department all tax accruing under this Act with respect to such sales, if the servicemen who are affected do not make written objection to the Department to this arrangement.

(Source: P.A. 102-700, eff. 4-19-22; 103-9, eff. 6-7-23; 103-363, eff. 7-28-23; 103-592, eff. 6-7-24; 103-605, eff. 7-1-24.)

(35 ILCS 115/20) (from Ch. 120, par. 439.120)

Sec. 20. If it is determined that the Department should issue a credit or refund hereunder, the Department may first apply the amount thereof against any amount of tax or penalty

or interest due hereunder, or under the Service Use Tax Act, the Retailers' Occupation Tax Act, the Use Tax Act, or any local occupation or use tax administered by the Department, ~~Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (e), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act,~~ from the person entitled to such credit or refund. For this purpose, if proceedings are pending to determine whether or not any tax or penalty or interest is due hereunder, or under the Service Use Tax Act, the Retailers' Occupation Tax Act, the Use Tax Act, or any local occupation or use tax administered by the Department, ~~Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (e), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act,~~ from such person, the Department may withhold issuance of the credit or refund pending the final disposition of such proceedings and may apply such credit or refund against any amount found to be due to the Department as a result of such proceedings. The balance, if any, of the credit or refund shall be issued to the person entitled thereto.

Any credit memorandum issued hereunder may be used by the authorized holder thereof to pay any tax or penalty or interest due or to become due under this Act, or under the Service Use Tax Act, the Retailers' Occupation Tax Act, the

Use Tax Act, or any local occupation or use tax administered by the Department, ~~Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (c), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act,~~ from such holder. Subject to reasonable rules of the Department, a credit memorandum issued hereunder may be assigned by the holder thereof to any other person for use in paying tax or penalty or interest which may be due or become due under this Act, the Service Use Tax Act, the Retailers' Occupation Tax Act, the Use Tax Act, or any local occupation or use tax administered by the Department, ~~Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (c), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act,~~ from the assignee.

In any case in which there has been an erroneous refund of tax payable under this Act, a notice of tax liability may be issued at any time within 3 years from the making of that refund, or within 5 years from the making of that refund if it appears that any part of the refund was induced by fraud or the misrepresentation of a material fact. The amount of any proposed assessment set forth in the notice shall be limited to the amount of the erroneous refund.

(Source: P.A. 91-901, eff. 1-1-01.)

Section 25-20. The Retailers' Occupation Tax Act is amended by changing Sections 2, 3, 4, 5, and 6 as follows:

(35 ILCS 120/2)

Sec. 2. Tax imposed.

(a) A tax is imposed upon persons engaged in the business of selling at retail, which, on and after January 1, 2025, includes leasing, tangible personal property, including computer software, and including photographs, negatives, and positives that are the product of photoprocessing, but not including products of photoprocessing produced for use in motion pictures for public commercial exhibition. Beginning January 1, 2001, prepaid telephone calling arrangements shall be considered tangible personal property subject to the tax imposed under this Act regardless of the form in which those arrangements may be embodied, transmitted, or fixed by any method now known or hereafter developed.

The imposition of the tax under this Act on persons engaged in the business of leasing tangible personal property applies to leases in effect, entered into, or renewed on or after January 1, 2025. In the case of leases, except as otherwise provided in this Act, the lessor must remit, for each tax return period, only the tax applicable to that part of the selling price actually received during such tax return period.

The inclusion of leases in the tax imposed under this Act

by Public Act 103-592 ~~this amendatory Act of the 103rd General Assembly~~ does not, however, extend to motor vehicles, watercraft, aircraft, and semitrailers, as defined in Section 1-187 of the Illinois Vehicle Code, that are required to be registered with an agency of this State. The taxation of these items shall continue in effect as prior to the effective date of the changes made to this Section by Public Act 103-592 ~~this amendatory Act of the 103rd General Assembly~~ (i.e., dealers owe retailers' occupation tax, lessors owe use tax, and lessees are not subject to retailers' occupation or use tax).

Sales of (1) electricity delivered to customers by wire; (2) natural or artificial gas that is delivered to customers through pipes, pipelines, or mains; and (3) water that is delivered to customers through pipes, pipelines, or mains are not subject to tax under this Act. The provisions of Public Act 98-583 ~~this amendatory Act of the 98th General Assembly~~ are declaratory of existing law as to the meaning and scope of this Act.

(b) Beginning on January 1, 2021~~,~~ and through December 31, 2025, a remote retailer is engaged in the occupation of selling at retail in Illinois for purposes of this Act, if:

(1) the cumulative gross receipts from sales of tangible personal property to purchasers in Illinois are $100,000 or more; or

(2) the retailer enters into 200 or more separate transactions for the sale of tangible personal property to

purchasers in Illinois.

Remote retailers that meet or exceed the threshold in either paragraph (1) or (2) above shall be liable for all applicable State retailers' and locally imposed retailers' occupation taxes administered by the Department on all retail sales to Illinois purchasers.

The remote retailer shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether it ~~he or she~~ meets the threshold ~~criteria~~ of either paragraph (1) or (2) of this subsection for the preceding 12-month period. If the retailer meets the threshold ~~criteria~~ of either paragraph (1) or (2) for a 12-month period, he or she is considered a retailer maintaining a place of business in this State and is required to collect and remit the tax imposed under this Act and all retailers' occupation tax imposed by local taxing jurisdictions in Illinois, provided such local taxes are administered by the Department, and to file all applicable returns for one year. At the end of that one-year period, the retailer shall determine whether the retailer met the threshold ~~criteria~~ of either paragraph (1) or (2) for the preceding 12-month period. If the retailer met the threshold ~~criteria~~ in either paragraph (1) or (2) for the preceding 12-month period, it ~~he or she~~ is considered a retailer maintaining a place of business in this State and is required to collect and remit all applicable State and local retailers' occupation taxes and file returns for the

subsequent year. If, at the end of a one-year period, a retailer that was required to collect and remit the tax imposed under this Act determines that it ~~he or she~~ did not meet the threshold ~~criteria~~ in either paragraph (1) or (2) during the preceding 12-month period, then the retailer shall subsequently determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the retailer met ~~he or she meets~~ the threshold ~~criteria~~ of either paragraph (1) or (2) for the preceding 12-month period.

(b-1) Beginning on January 1, 2026, a remote retailer is engaged in the occupation of selling at retail in Illinois for purposes of this Act if the remote retailer's cumulative gross receipts from sales of tangible personal property to purchasers in Illinois are $100,000 or more.

Remote retailers that meet or exceed the threshold in this subsection (b-1) shall be liable for all applicable State and locally imposed retailers' occupation taxes administered by the Department on all retail sales to Illinois purchasers.

The remote retailer shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the remote retailer meets the threshold of this subsection (b-1) for the preceding 12-month period. If the remote retailer meets the threshold for a 12-month period, the remote retailer is considered to be engaged in the occupation of selling at retail in Illinois and is required to remit the tax imposed under this Act and all retailers'

occupation tax imposed by local taxing jurisdictions in Illinois, provided such local taxes are administered by the Department, and to file all applicable returns for one year. At the end of the one-year period, the remote retailer shall determine whether the remote retailer met the threshold for the preceding 12-month period. If the retailer met the threshold for the preceding 12-month period, the remote retailer is considered to be engaged in the occupation of selling at retail in Illinois and is required to remit all applicable State and local retailers' occupation taxes and file returns for the subsequent year. If, at the end of a one-year period, a remote retailer that was required to remit the tax imposed under this Act determines that the remote retailer did not meet the threshold during the preceding 12-month period, then the remote retailer shall subsequently determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the remote retailer met the threshold for the preceding 12-month period.

(b-2) Beginning on January 1, 2025, a retailer maintaining a place of business in this State that makes retail sales of tangible personal property to Illinois customers from a location or locations outside of Illinois is engaged in the occupation of selling at retail in Illinois for the purposes of this Act. Those retailers are liable for all applicable State and locally imposed retailers' occupation taxes administered by the Department on retail sales made by those

retailers to Illinois customers from locations outside of Illinois.

(b-5) For the purposes of this Section, neither the gross receipts from nor, until January 1, 2026, the number of separate transactions for sales of tangible personal property to purchasers in Illinois that a remote retailer makes through a marketplace facilitator shall be included for the purposes of determining whether he or she has met the thresholds of subsection (b) or (b-1) of this Section so long as the remote retailer has received certification from the marketplace facilitator that the marketplace facilitator is legally responsible for payment of tax on such sales.

(b-10) A remote retailer that is required to collect taxes imposed under the Use Tax Act on retail sales made to Illinois purchasers or a retailer maintaining a place of business in this State that is required to collect taxes imposed under the Use Tax Act on retail sales made to Illinois purchasers shall be liable to the Department for such taxes, except when the remote retailer or retailer maintaining a place of business in this State is relieved of the duty to remit such taxes by virtue of having paid to the Department taxes imposed by this Act in accordance with this Section upon his or her gross receipts from such sales.

(c) Marketplace facilitators engaged in the business of selling at retail tangible personal property in Illinois. Beginning January 1, 2021, and through December 31, 2025, a

marketplace facilitator is engaged in the occupation of selling at retail tangible personal property in Illinois for purposes of this Act if, during the previous 12-month period:

(1) the cumulative gross receipts from sales of tangible personal property on its own behalf or on behalf of marketplace sellers to purchasers in Illinois equals $100,000 or more; or

(2) the marketplace facilitator enters into 200 or more separate transactions on its own behalf or on behalf of marketplace sellers for the sale of tangible personal property to purchasers in Illinois, regardless of whether the marketplace facilitator or marketplace sellers for whom such sales are facilitated are registered as retailers in this State.

A marketplace facilitator who meets either paragraph (1) or (2) of this subsection is required to remit the applicable State retailers' occupation taxes under this Act and local retailers' occupation taxes administered by the Department on all taxable sales of tangible personal property made by the marketplace facilitator or facilitated for marketplace sellers to customers in this State. A marketplace facilitator selling or facilitating the sale of tangible personal property to customers in this State is subject to all applicable procedures and requirements of this Act.

The marketplace facilitator shall determine on a quarterly basis, ending on the last day of March, June, September, and

December, whether it ~~he or she~~ meets the threshold ~~criteria~~ of either paragraph (1) or (2) of this subsection for the preceding 12-month period. If the marketplace facilitator meets the threshold ~~criteria~~ of either paragraph (1) or (2) for a 12-month period, the marketplace facilitator ~~he or she~~ is considered a retailer maintaining a place of business in this State and is required to remit the tax imposed under this Act and all retailers' occupation tax imposed by local taxing jurisdictions in Illinois, provided such local taxes are administered by the Department, and to file all applicable returns for one year. At the end of that one-year period, the marketplace facilitator shall determine whether it met the threshold ~~criteria~~ of either paragraph (1) or (2) for the preceding 12-month period. If the marketplace facilitator met the threshold ~~criteria~~ in either paragraph (1) or (2) for the preceding 12-month period, it is considered a retailer maintaining a place of business in this State and is required to collect and remit all applicable State and local retailers' occupation taxes and file returns for the subsequent year. If at the end of a one-year period a marketplace facilitator that was required to collect and remit the tax imposed under this Act determines that it ~~he or she~~ did not meet the threshold ~~criteria~~ in either paragraph (1) or (2) during the preceding 12-month period, the marketplace facilitator shall subsequently determine on a quarterly basis, ending on the last day of March, June, September, and December, whether it

met ~~he or she meets~~ the threshold ~~criteria~~ of either paragraph (1) or (2) for the preceding 12-month period.

(c-5) Beginning January 1, 2026, a marketplace facilitator is engaged in the occupation of selling at retail tangible personal property in Illinois for purposes of this Act if, during the previous 12-month period the cumulative gross receipts from sales of tangible personal property on its own behalf or on behalf of marketplace sellers to purchasers in Illinois equals $100,000 or more.

A marketplace facilitator who meets the threshold of this subsection is required to remit the applicable State retailers' occupation taxes under this Act and local retailers' occupation taxes administered by the Department on all taxable sales of tangible personal property made by the marketplace facilitator or facilitated for marketplace sellers to customers in this State. A marketplace facilitator selling or facilitating the sale of tangible personal property to customers in this State is subject to all applicable procedures and requirements of this Act.

The marketplace facilitator shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether the marketplace facilitator meets the threshold of this subsection (c-5) for the preceding 12-month period. If the marketplace facilitator meets the threshold for a 12-month period, the marketplace facilitator is considered to be engaged in the occupation of selling at retail in

Illinois and is required to remit the tax imposed under this Act and all retailers' occupation tax imposed by local taxing jurisdictions in Illinois, provided such local taxes are administered by the Department, and to file all applicable returns for one year. At the end of the one-year period, the marketplace facilitator shall determine whether the marketplace facilitator met the threshold for the preceding 12-month period. If the marketplace facilitator met the threshold for the preceding 12-month period, the marketplace facilitator is considered to be engaged in the occupation of selling at retail in Illinois and is required to collect and remit all applicable State and local retailers' occupation taxes and file returns for the subsequent year. If at the end of a one-year period a marketplace facilitator that was required to collect and remit the tax imposed under this Act determines that the marketplace facilitator did not meet the threshold during the preceding 12-month period, the marketplace facilitator shall subsequently determine on a quarterly basis, ending on the last day of March, June, September, and December, whether it met the threshold for the preceding 12-month period.

(c-10) A marketplace facilitator shall be entitled to any credits, deductions, or adjustments to the sales price otherwise provided to the marketplace seller, in addition to any such adjustments provided directly to the marketplace facilitator. This Section pertains to, but is not limited to,

adjustments such as discounts, coupons, and rebates. In addition, a marketplace facilitator shall be entitled to the retailers' discount provided in Section 3 of the Retailers' Occupation Tax Act on all marketplace sales, and the marketplace seller shall not include sales made through a marketplace facilitator when computing any retailers' discount on remaining sales. Marketplace facilitators shall report and remit the applicable State and local retailers' occupation taxes on sales facilitated for marketplace sellers separately from any sales or use tax collected on taxable retail sales made directly by the marketplace facilitator or its affiliates.

The marketplace facilitator is liable for the remittance of all applicable State retailers' occupation taxes under this Act and local retailers' occupation taxes administered by the Department on sales through the marketplace and is subject to audit on all such sales. The Department shall not audit marketplace sellers for their marketplace sales where a marketplace facilitator remitted the applicable State and local retailers' occupation taxes unless the marketplace facilitator seeks relief as a result of incorrect information provided to the marketplace facilitator by a marketplace seller as set forth in this Section. The marketplace facilitator shall not be held liable for tax on any sales made by a marketplace seller that take place outside of the marketplace and which are not a part of any agreement between a

marketplace facilitator and a marketplace seller. In addition, marketplace facilitators shall not be held liable to State and local governments of Illinois for having charged and remitted an incorrect amount of State and local retailers' occupation tax if, at the time of the sale, the tax is computed based on erroneous data provided by the State in database files on tax rates, boundaries, or taxing jurisdictions or incorrect information provided to the marketplace facilitator by the marketplace seller.

(d) A marketplace facilitator shall:

(1) certify to each marketplace seller that the marketplace facilitator assumes the rights and duties of a retailer under this Act with respect to sales made by the marketplace seller through the marketplace; and

(2) remit taxes imposed by this Act as required by this Act for sales made through the marketplace.

(e) A marketplace seller shall retain books and records for all sales made through a marketplace in accordance with the requirements of this Act.

(f) A marketplace facilitator is subject to audit on all marketplace sales for which it is considered to be the retailer, but shall not be liable for tax or subject to audit on sales made by marketplace sellers outside of the marketplace.

(g) A marketplace facilitator required to collect taxes imposed under the Use Tax Act on marketplace sales made to

Illinois purchasers shall be liable to the Department for such taxes, except when the marketplace facilitator is relieved of the duty to remit such taxes by virtue of having paid to the Department taxes imposed by this Act in accordance with this Section upon his or her gross receipts from such sales.

(h) Nothing in this Section shall allow the Department to collect retailers' occupation taxes from both the marketplace facilitator and marketplace seller on the same transaction.

(i) If, for any reason, the Department is prohibited from enforcing the marketplace facilitator's duty under this Act to remit taxes pursuant to this Section, the duty to remit such taxes remains with the marketplace seller.

(j) (Blank). ~~Nothing in this Section affects the obligation of any consumer to remit use tax for any taxable transaction for which a certified service provider acting on behalf of a remote retailer or a marketplace facilitator does not collect and remit the appropriate tax.~~

(k) (Blank). ~~Nothing in this Section shall allow the Department to collect the retailers' occupation tax from both the marketplace facilitator and the marketplace seller.~~

(l) A marketplace seller shall furnish to the marketplace facilitator information that is necessary for the marketplace facilitator to correctly remit taxes for a retail sale. The information may include a certification that an item being sold is taxable, not taxable, exempt from taxation, or taxable at a specified rate. A marketplace seller shall be held

harmless for liability for the tax imposed under this Act when a marketplace facilitator fails to correctly remit tax after having been provided with information by a marketplace seller to correctly remit taxes imposed under this Act.

(m) If the marketplace facilitator demonstrates to the satisfaction of the Department that its failure to correctly remit tax on a retail sale resulted from the marketplace facilitator's good faith reliance on incorrect or insufficient information provided by a marketplace seller, it shall be relieved of liability for the tax on that retail sale and the marketplace seller shall be liable for any resulting tax due.

(Source: P.A. 103-592, eff. 1-1-25; 103-983, eff. 1-1-25; revised 11-26-24.)

(35 ILCS 120/3)

Sec. 3. Except as provided in this Section, on or before the twentieth day of each calendar month, every person engaged in the business of selling, which, on and after January 1, 2025, includes leasing, tangible personal property at retail in this State during the preceding calendar month shall file a return with the Department, stating:

1. The name of the seller;

2. His residence address and the address of his principal place of business and the address of the principal place of business (if that is a different address) from which he engages in the business of selling

tangible personal property at retail in this State;

3. Total amount of receipts received by him during the preceding calendar month or quarter, as the case may be, from sales of tangible personal property, and from services furnished, by him during such preceding calendar month or quarter;

4. Total amount received by him during the preceding calendar month or quarter on charge and time sales of tangible personal property, and from services furnished, by him prior to the month or quarter for which the return is filed;

5. Deductions allowed by law;

6. Gross receipts which were received by him during the preceding calendar month or quarter and upon the basis of which the tax is imposed, including gross receipts on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) which were received during the preceding calendar month or quarter and upon which tax would have been due but for the 0% rate imposed under Public Act 102-700;

7. The amount of credit provided in Section 2d of this Act;

8. The amount of tax due, including the amount of tax

that would have been due on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) but for the 0% rate imposed under Public Act 102-700;

9. The signature of the taxpayer; and

10. Such other reasonable information as the Department may require.

In the case of leases, except as otherwise provided in this Act, the lessor must remit for each tax return period only the tax applicable to that part of the selling price actually received during such tax return period.

On and after January 1, 2018, except for returns required to be filed prior to January 1, 2023 for motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, with respect to retailers whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act shall be filed electronically. On and after January 1, 2023, with respect to retailers whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act, including, but not limited to, returns for motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, shall be filed electronically. Retailers who demonstrate that they do not

have access to the Internet or demonstrate hardship in filing electronically may petition the Department to waive the electronic filing requirement.

If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.

Each return shall be accompanied by the statement of prepaid tax issued pursuant to Section 2e for which credit is claimed.

Prior to October 1, 2003 and on and after September 1, 2004, a retailer may accept a Manufacturer's Purchase Credit certification from a purchaser in satisfaction of Use Tax as provided in Section 3-85 of the Use Tax Act if the purchaser provides the appropriate documentation as required by Section 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit certification, accepted by a retailer prior to October 1, 2003 and on and after September 1, 2004 as provided in Section 3-85 of the Use Tax Act, may be used by that retailer to satisfy Retailers' Occupation Tax liability in the amount claimed in the certification, not to exceed 6.25% of the receipts subject to tax from a qualifying purchase. A Manufacturer's Purchase Credit reported on any original or amended return filed under this Act after October 20, 2003 for reporting periods prior to September 1, 2004 shall be disallowed. Manufacturer's Purchase Credit reported on annual returns due on or after January 1,

2005 will be disallowed for periods prior to September 1, 2004. No Manufacturer's Purchase Credit may be used after September 30, 2003 through August 31, 2004 to satisfy any tax liability imposed under this Act, including any audit liability.

Beginning on July 1, 2023 and through December 31, 2032, a retailer may accept a Sustainable Aviation Fuel Purchase Credit certification from an air common carrier-purchaser in satisfaction of Use Tax on aviation fuel as provided in Section 3-87 of the Use Tax Act if the purchaser provides the appropriate documentation as required by Section 3-87 of the Use Tax Act. A Sustainable Aviation Fuel Purchase Credit certification accepted by a retailer in accordance with this paragraph may be used by that retailer to satisfy Retailers' Occupation Tax liability (but not in satisfaction of penalty or interest) in the amount claimed in the certification, not to exceed 6.25% of the receipts subject to tax from a sale of aviation fuel. In addition, for a sale of aviation fuel to qualify to earn the Sustainable Aviation Fuel Purchase Credit, retailers must retain in their books and records a certification from the producer of the aviation fuel that the aviation fuel sold by the retailer and for which a sustainable aviation fuel purchase credit was earned meets the definition of sustainable aviation fuel under Section 3-87 of the Use Tax Act. The documentation must include detail sufficient for the Department to determine the number of gallons of sustainable

aviation fuel sold.

The Department may require returns to be filed on a quarterly basis. If so required, a return for each calendar quarter shall be filed on or before the twentieth day of the calendar month following the end of such calendar quarter. The taxpayer shall also file a return with the Department for each of the first 2 months of each calendar quarter, on or before the twentieth day of the following calendar month, stating:

1. The name of the seller;

2. The address of the principal place of business from which he engages in the business of selling tangible personal property at retail in this State;

3. The total amount of taxable receipts received by him during the preceding calendar month from sales of tangible personal property by him during such preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;

4. The amount of credit provided in Section 2d of this Act;

5. The amount of tax due; and

6. Such other reasonable information as the Department may require.

Every person engaged in the business of selling aviation fuel at retail in this State during the preceding calendar month shall, instead of reporting and paying tax as otherwise required by this Section, report and pay such tax on a separate

aviation fuel tax return. The requirements related to the return shall be as otherwise provided in this Section. Notwithstanding any other provisions of this Act to the contrary, retailers selling aviation fuel shall file all aviation fuel tax returns and shall make all aviation fuel tax payments by electronic means in the manner and form required by the Department. For purposes of this Section, "aviation fuel" means jet fuel and aviation gasoline.

Beginning on October 1, 2003, any person who is not a licensed distributor, importing distributor, or manufacturer, as defined in the Liquor Control Act of 1934, but is engaged in the business of selling, at retail, alcoholic liquor shall file a statement with the Department of Revenue, in a format and at a time prescribed by the Department, showing the total amount paid for alcoholic liquor purchased during the preceding month and such other information as is reasonably required by the Department. The Department may adopt rules to require that this statement be filed in an electronic or telephonic format. Such rules may provide for exceptions from the filing requirements of this paragraph. For the purposes of this paragraph, the term "alcoholic liquor" shall have the meaning prescribed in the Liquor Control Act of 1934.

Beginning on October 1, 2003, every distributor, importing distributor, and manufacturer of alcoholic liquor as defined in the Liquor Control Act of 1934, shall file a statement with the Department of Revenue, no later than the 10th day of the

month for the preceding month during which transactions occurred, by electronic means, showing the total amount of gross receipts from the sale of alcoholic liquor sold or distributed during the preceding month to purchasers; identifying the purchaser to whom it was sold or distributed; the purchaser's tax registration number; and such other information reasonably required by the Department. A distributor, importing distributor, or manufacturer of alcoholic liquor must personally deliver, mail, or provide by electronic means to each retailer listed on the monthly statement a report containing a cumulative total of that distributor's, importing distributor's, or manufacturer's total sales of alcoholic liquor to that retailer no later than the 10th day of the month for the preceding month during which the transaction occurred. The distributor, importing distributor, or manufacturer shall notify the retailer as to the method by which the distributor, importing distributor, or manufacturer will provide the sales information. If the retailer is unable to receive the sales information by electronic means, the distributor, importing distributor, or manufacturer shall furnish the sales information by personal delivery or by mail. For purposes of this paragraph, the term "electronic means" includes, but is not limited to, the use of a secure Internet website, e-mail, or facsimile.

If a total amount of less than $1 is payable, refundable or creditable, such amount shall be disregarded if it is less

than 50 cents and shall be increased to $1 if it is 50 cents or more.

Notwithstanding any other provision of this Act to the contrary, retailers subject to tax on cannabis shall file all cannabis tax returns and shall make all cannabis tax payments by electronic means in the manner and form required by the Department.

Beginning October 1, 1993, a taxpayer who has an average monthly tax liability of $150,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1994, a taxpayer who has an average monthly tax liability of $100,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation

and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

Before August 1 of each year beginning in 1993, the Department shall notify all taxpayers required to make payments by electronic funds transfer. All taxpayers required to make payments by electronic funds transfer shall make those payments for a minimum of one year beginning on October 1.

Any taxpayer not required to make payments by electronic funds transfer may make payments by electronic funds transfer with the permission of the Department.

All taxpayers required to make payment by electronic funds transfer and any taxpayers authorized to voluntarily make payments by electronic funds transfer shall make those payments in the manner authorized by the Department.

The Department shall adopt such rules as are necessary to effectuate a program of electronic funds transfer and the requirements of this Section.

Any amount which is required to be shown or reported on any return or other document under this Act shall, if such amount is not a whole-dollar amount, be increased to the nearest whole-dollar amount in any case where the fractional part of a dollar is 50 cents or more, and decreased to the nearest

whole-dollar amount where the fractional part of a dollar is less than 50 cents.

If the retailer is otherwise required to file a monthly return and if the retailer's average monthly tax liability to the Department does not exceed $200, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February, and March of a given year being due by April 20 of such year; with the return for April, May, and June of a given year being due by July 20 of such year; with the return for July, August, and September of a given year being due by October 20 of such year, and with the return for October, November, and December of a given year being due by January 20 of the following year.

If the retailer is otherwise required to file a monthly or quarterly return and if the retailer's average monthly tax liability with the Department does not exceed $50, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 20 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Act concerning the time within which a retailer may file his return, in the case of any retailer who ceases to engage in a kind of business which makes him responsible for filing returns under this Act,

such retailer shall file a final return under this Act with the Department not more than one month after discontinuing such business.

Where the same person has more than one business registered with the Department under separate registrations under this Act, such person may not file each return that is due as a single return covering all such registered businesses, but shall file separate returns for each such registered business.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, except as otherwise provided in this Section, every retailer selling this kind of tangible personal property shall file, with the Department, upon a form to be prescribed and supplied by the Department, a separate return for each such item of tangible personal property which the retailer sells, except that if, in the same transaction, (i) a retailer of aircraft, watercraft, motor vehicles, or trailers transfers more than one aircraft, watercraft, motor vehicle, or trailer to another aircraft, watercraft, motor vehicle retailer, or trailer retailer for the purpose of resale or (ii) a retailer of aircraft, watercraft, motor vehicles, or trailers transfers more than one aircraft, watercraft, motor vehicle, or trailer to a purchaser for use as a qualifying rolling stock as provided in Section 2-5 of this Act, then that seller may report the transfer of all aircraft, watercraft,

motor vehicles, or trailers involved in that transaction to the Department on the same uniform invoice-transaction reporting return form. For purposes of this Section, "watercraft" means a Class 2, Class 3, or Class 4 watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, every person who is engaged in the business of leasing or renting such items and who, in connection with such business, sells any such item to a retailer for the purpose of resale is, notwithstanding any other provision of this Section to the contrary, authorized to meet the return-filing requirement of this Act by reporting the transfer of all the aircraft, watercraft, motor vehicles, or trailers transferred for resale during a month to the Department on the same uniform invoice-transaction reporting return form on or before the 20th of the month following the month in which the transfer takes place. Notwithstanding any other provision of this Act to the contrary, all returns filed under this paragraph must be filed by electronic means in the manner and form as required by the Department.

Any retailer who sells only motor vehicles, watercraft, aircraft, or trailers that are required to be registered with an agency of this State, so that all retailers' occupation tax

liability is required to be reported, and is reported, on such transaction reporting returns and who is not otherwise required to file monthly or quarterly returns, need not file monthly or quarterly returns. However, those retailers shall be required to file returns on an annual basis.

The transaction reporting return, in the case of motor vehicles or trailers that are required to be registered with an agency of this State, shall be the same document as the Uniform Invoice referred to in Section 5-402 of the Illinois Vehicle Code and must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 1 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale; a sufficient identification of the property sold; such other information as is required in Section 5-402 of the Illinois Vehicle Code, and such other information as the Department may reasonably require.

The transaction reporting return in the case of watercraft or aircraft must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 1 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale, a sufficient identification of the property sold, and such other information as the Department may reasonably require.

Such transaction reporting return shall be filed not later than 20 days after the day of delivery of the item that is being sold, but may be filed by the retailer at any time sooner than that if he chooses to do so. The transaction reporting return and tax remittance or proof of exemption from the Illinois use tax may be transmitted to the Department by way of the State agency with which, or State officer with whom the tangible personal property must be titled or registered (if titling or registration is required) if the Department and

such agency or State officer determine that this procedure will expedite the processing of applications for title or registration.

With each such transaction reporting return, the retailer shall remit the proper amount of tax due (or shall submit satisfactory evidence that the sale is not taxable if that is the case), to the Department or its agents, whereupon the Department shall issue, in the purchaser's name, a use tax receipt (or a certificate of exemption if the Department is satisfied that the particular sale is tax exempt) which such purchaser may submit to the agency with which, or State officer with whom, he must title or register the tangible personal property that is involved (if titling or registration is required) in support of such purchaser's application for an Illinois certificate or other evidence of title or registration to such tangible personal property.

No retailer's failure or refusal to remit tax under this Act precludes a user, who has paid the proper tax to the retailer, from obtaining his certificate of title or other evidence of title or registration (if titling or registration is required) upon satisfying the Department that such user has paid the proper tax (if tax is due) to the retailer. The Department shall adopt appropriate rules to carry out the mandate of this paragraph.

If the user who would otherwise pay tax to the retailer wants the transaction reporting return filed and the payment

of the tax or proof of exemption made to the Department before the retailer is willing to take these actions and such user has not paid the tax to the retailer, such user may certify to the fact of such delay by the retailer and may (upon the Department being satisfied of the truth of such certification) transmit the information required by the transaction reporting return and the remittance for tax or proof of exemption directly to the Department and obtain his tax receipt or exemption determination, in which event the transaction reporting return and tax remittance (if a tax payment was required) shall be credited by the Department to the proper retailer's account with the Department, but without the vendor's discount provided for in this Section being allowed. When the user pays the tax directly to the Department, he shall pay the tax in the same amount and in the same form in which it would be remitted if the tax had been remitted to the Department by the retailer.

On and after January 1, 2025, with respect to the lease of trailers, other than semitrailers as defined in Section 1-187 of the Illinois Vehicle Code, that are required to be registered with an agency of this State and that are subject to the tax on lease receipts under this Act, notwithstanding any other provision of this Act to the contrary, for the purpose of reporting and paying tax under this Act on those lease receipts, lessors shall file returns in addition to and separate from the transaction reporting return. Lessors shall file those lease returns and make payment to the Department by

electronic means on or before the 20th day of each month following the month, quarter, or year, as applicable, in which lease receipts were received. All lease receipts received by the lessor from the lease of those trailers during the same reporting period shall be reported and tax shall be paid on a single return form to be prescribed by the Department.

Refunds made by the seller during the preceding return period to purchasers, on account of tangible personal property returned to the seller, shall be allowed as a deduction under subdivision 5 of his monthly or quarterly return, as the case may be, in case the seller had theretofore included the receipts from the sale of such tangible personal property in a return filed by him and had paid the tax imposed by this Act with respect to such receipts.

Where the seller is a corporation, the return filed on behalf of such corporation shall be signed by the president, vice-president, secretary, or treasurer or by the properly accredited agent of such corporation.

Where the seller is a limited liability company, the return filed on behalf of the limited liability company shall be signed by a manager, member, or properly accredited agent of the limited liability company.

Except as provided in this Section, the retailer filing the return under this Section shall, at the time of filing such return, pay to the Department the amount of tax imposed by this Act less a discount of 2.1% prior to January 1, 1990 and 1.75%

on and after January 1, 1990, or $5 per calendar year, whichever is greater, which is allowed to reimburse the retailer for the expenses incurred in keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request. A ~~On and after January 1, 2021,~~ a certified service provider, as defined in the Leveling the Playing Field for Illinois Retail Act, filing the return under this Section on behalf of a remote retailer or a retailer maintaining a place of business in this State shall, at the time of such return, pay to the Department the amount of tax imposed by this Act less a discount of 1.75%. A remote retailer or a retailer maintaining a place of business in this State using a certified service provider to file a return on its behalf, as provided in the Leveling the Playing Field for Illinois Retail Act, is not eligible for the discount. Beginning with returns due on or after January 1, 2025, the vendor's discount allowed in this Section, the Service Occupation Tax Act, the Use Tax Act, and the Service Use Tax Act, including any local tax administered by the Department and reported on the same return, shall not exceed $1,000 per month in the aggregate for returns other than transaction returns filed during the month. When determining the discount allowed under this Section, retailers shall include the amount of tax that would have been due at the 1% rate but for the 0% rate imposed under Public Act 102-700. When determining the discount allowed under this Section, retailers shall include

the amount of tax that would have been due at the 6.25% rate but for the 1.25% rate imposed on sales tax holiday items under Public Act 102-700. The discount under this Section is not allowed for the 1.25% portion of taxes paid on aviation fuel that is subject to the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133. Any prepayment made pursuant to Section 2d of this Act shall be included in the amount on which such discount is computed. In the case of retailers who report and pay the tax on a transaction by transaction basis, as provided in this Section, such discount shall be taken with each such tax remittance instead of when such retailer files his periodic return, but, beginning with returns due on or after January 1, 2025, the vendor's discount allowed under this Section and the Use Tax Act, including any local tax administered by the Department and reported on the same transaction return, shall not exceed $1,000 per month for all transaction returns filed during the month. The discount allowed under this Section is allowed only for returns that are filed in the manner required by this Act. The Department may disallow the discount for retailers whose certificate of registration is revoked at the time the return is filed, but only if the Department's decision to revoke the certificate of registration has become final.

Before October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Service Use Tax

Act, excluding any liability for prepaid sales tax to be remitted in accordance with Section 2d of this Act, was $10,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the 20th day of the month next following the month during which such tax liability is incurred and shall make payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. On and after October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act, excluding any liability for prepaid sales tax to be remitted in accordance with Section 2d of this Act, was $20,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the 20th day of the month next following the month during which such tax liability is incurred and shall make payment to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. If the month during which such tax liability is incurred began prior to January 1, 1985, each payment shall be in an amount equal to 1/4 of the taxpayer's actual liability for the month or an amount set by the Department not to exceed 1/4 of the average monthly liability of the taxpayer to the Department for the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability

in such 4 quarter period). If the month during which such tax liability is incurred begins on or after January 1, 1985 and prior to January 1, 1987, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 27.5% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1987 and prior to January 1, 1988, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 26.25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1988, and prior to January 1, 1989, or begins on or after January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1989, and prior to January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year or 100% of the taxpayer's actual liability for the quarter monthly reporting period. The amount of such quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month. Before October 1, 2000, once applicable, the requirement of

the making of quarter monthly payments to the Department by taxpayers having an average monthly tax liability of $10,000 or more as determined in the manner provided above shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $9,000, or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $10,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $10,000 threshold stated above, then such taxpayer may petition the Department for a change in such taxpayer's reporting status. On and after October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department by taxpayers having an average monthly tax liability of $20,000 or more as determined in the manner provided above shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $19,000 or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete

calendar quarter period is less than $20,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $20,000 threshold stated above, then such taxpayer may petition the Department for a change in such taxpayer's reporting status. The Department shall change such taxpayer's reporting status unless it finds that such change is seasonal in nature and not likely to be long term. Quarter monthly payment status shall be determined under this paragraph as if the rate reduction to 0% in Public Act 102-700 on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) had not occurred. For quarter monthly payments due under this paragraph on or after July 1, 2023 and through June 30, 2024, "25% of the taxpayer's liability for the same calendar month of the preceding year" shall be determined as if the rate reduction to 0% in Public Act 102-700 had not occurred. Quarter monthly payment status shall be determined under this paragraph as if the rate reduction to 1.25% in Public Act 102-700 on sales tax holiday items had not occurred. For quarter monthly payments due on or after July 1, 2023 and through June 30, 2024, "25% of the taxpayer's liability for the same calendar month of the preceding year"

shall be determined as if the rate reduction to 1.25% in Public Act 102-700 on sales tax holiday items had not occurred. If any such quarter monthly payment is not paid at the time or in the amount required by this Section, then the taxpayer shall be liable for penalties and interest on the difference between the minimum amount due as a payment and the amount of such quarter monthly payment actually and timely paid, except insofar as the taxpayer has previously made payments for that month to the Department in excess of the minimum payments previously due as provided in this Section. The Department shall make reasonable rules and regulations to govern the quarter monthly payment amount and quarter monthly payment dates for taxpayers who file on other than a calendar monthly basis.

The provisions of this paragraph apply before October 1, 2001. Without regard to whether a taxpayer is required to make quarter monthly payments as specified above, any taxpayer who is required by Section 2d of this Act to collect and remit prepaid taxes and has collected prepaid taxes which average in excess of $25,000 per month during the preceding 2 complete calendar quarters, shall file a return with the Department as required by Section 2f and shall make payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. If the month during which such tax liability is incurred began prior to September 1, 1985 (the effective date of Public Act 84-221),

each payment shall be in an amount not less than 22.5% of the taxpayer's actual liability under Section 2d. If the month during which such tax liability is incurred begins on or after January 1, 1986, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 27.5% of the taxpayer's liability for the same calendar month of the preceding calendar year. If the month during which such tax liability is incurred begins on or after January 1, 1987, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 26.25% of the taxpayer's liability for the same calendar month of the preceding year. The amount of such quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month filed under this Section or Section 2f, as the case may be. Once applicable, the requirement of the making of quarter monthly payments to the Department pursuant to this paragraph shall continue until such taxpayer's average monthly prepaid tax collections during the preceding 2 complete calendar quarters is $25,000 or less. If any such quarter monthly payment is not paid at the time or in the amount required, the taxpayer shall be liable for penalties and interest on such difference, except insofar as the taxpayer has previously made payments for that month in excess of the minimum payments previously due.

The provisions of this paragraph apply on and after October 1, 2001. Without regard to whether a taxpayer is

required to make quarter monthly payments as specified above, any taxpayer who is required by Section 2d of this Act to collect and remit prepaid taxes and has collected prepaid taxes that average in excess of $20,000 per month during the preceding 4 complete calendar quarters shall file a return with the Department as required by Section 2f and shall make payments to the Department on or before the 7th, 15th, 22nd, and last day of the month during which the liability is incurred. Each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year. The amount of the quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month filed under this Section or Section 2f, as the case may be. Once applicable, the requirement of the making of quarter monthly payments to the Department pursuant to this paragraph shall continue until the taxpayer's average monthly prepaid tax collections during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $19,000 or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarters is less than $20,000. If any such quarter monthly payment is not paid at the time or in the amount required, the taxpayer shall be liable for penalties and interest on such difference, except

insofar as the taxpayer has previously made payments for that month in excess of the minimum payments previously due.

If any payment provided for in this Section exceeds the taxpayer's liabilities under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act, as shown on an original monthly return, the Department shall, if requested by the taxpayer, issue to the taxpayer a credit memorandum no later than 30 days after the date of payment. The credit evidenced by such credit memorandum may be assigned by the taxpayer to a similar taxpayer under this Act, the Use Tax Act, the Service Occupation Tax Act, or the Service Use Tax Act, in accordance with reasonable rules and regulations to be prescribed by the Department. If no such request is made, the taxpayer may credit such excess payment against tax liability subsequently to be remitted to the Department under this Act, the Use Tax Act, the Service Occupation Tax Act, or the Service Use Tax Act, in accordance with reasonable rules and regulations prescribed by the Department. If the Department subsequently determined that all or any part of the credit taken was not actually due to the taxpayer, the taxpayer's vendor's discount shall be reduced, if necessary, to reflect the difference between the credit taken and that actually due, and that taxpayer shall be liable for penalties and interest on such difference.

If a retailer of motor fuel is entitled to a credit under Section 2d of this Act which exceeds the taxpayer's liability

to the Department under this Act for the month for which the taxpayer is filing a return, the Department shall issue the taxpayer a credit memorandum for the excess.

The net revenue realized at the 15% rate under either Section 4 or Section 5 of this Act shall be deposited as follows: (i) notwithstanding the provisions of this Section to the contrary, the net revenue realized from the portion of the rate in excess of 5% shall be deposited into the State and Local Sales Tax Reform Fund; and (ii) the net revenue realized from the 5% portion of the rate shall be deposited as provided in this Section for the 5% portion of the 6.25% general rate imposed under this Act.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund, a special fund in the State treasury which is hereby created, the net revenue realized for the preceding month from the 1% tax imposed under this Act.

Beginning January 1, 1990, each month the Department shall pay into the County and Mass Transit District Fund, a special fund in the State treasury which is hereby created, 4% of the net revenue realized for the preceding month from the 6.25% general rate other than aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall

pay into the County and Mass Transit District Fund 20% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol. If, in any month, the tax on sales tax holiday items, as defined in Section 2-8, is imposed at the rate of 1.25%, then the Department shall pay 20% of the net revenue realized for that month from the 1.25% rate on the selling price of sales tax holiday items into the County and Mass Transit District Fund.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund 16% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property other than aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

For aviation fuel sold on or after December 1, 2019, each month the Department shall pay into the State Aviation Program Fund 20% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of aviation fuel, less an amount estimated by the Department to be required for refunds of the 20% portion of the tax on aviation fuel under this Act, which amount shall be deposited into the Aviation Fuel Sales Tax Refund Fund. The Department shall only pay moneys into the State Aviation Program Fund and the Aviation Fuel Sales Tax Refund Fund under this Act for so long

as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the Local Government Tax Fund 80% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol. If, in any month, the tax on sales tax holiday items, as defined in Section 2-8, is imposed at the rate of 1.25%, then the Department shall pay 80% of the net revenue realized for that month from the 1.25% rate on the selling price of sales tax holiday items into the Local Government Tax Fund.

Beginning October 1, 2009, each month the Department shall pay into the Capital Projects Fund an amount that is equal to an amount estimated by the Department to represent 80% of the net revenue realized for the preceding month from the sale of candy, grooming and hygiene products, and soft drinks that had been taxed at a rate of 1% prior to September 1, 2009 but that are now taxed at 6.25%.

Beginning July 1, 2011, each month the Department shall pay into the Clean Air Act Permit Fund 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of sorbents used in Illinois in the process of sorbent injection as used to comply with the Environmental Protection Act or the federal Clean Air Act, but the total payment into the Clean Air Act Permit Fund under this Act and the Use Tax Act shall not exceed $2,000,000 in any

fiscal year.

Beginning July 1, 2013, each month the Department shall pay into the Underground Storage Tank Fund from the proceeds collected under this Act, the Use Tax Act, the Service Use Tax Act, and the Service Occupation Tax Act an amount equal to the average monthly deficit in the Underground Storage Tank Fund during the prior year, as certified annually by the Illinois Environmental Protection Agency, but the total payment into the Underground Storage Tank Fund under this Act, the Use Tax Act, the Service Use Tax Act, and the Service Occupation Tax Act shall not exceed $18,000,000 in any State fiscal year. As used in this paragraph, the "average monthly deficit" shall be equal to the difference between the average monthly claims for payment by the fund and the average monthly revenues deposited into the fund, excluding payments made pursuant to this paragraph.

Beginning July 1, 2015, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, each month the Department shall deposit $500,000 into the State Crime Laboratory Fund.

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal

year the sum of (1) the aggregate of 2.2% or 3.8%, as the case may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to this Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as hereinafter defined), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; the "Annual Specified Amount" means the amounts specified below for fiscal years 1986 through 1993:

Fiscal Year	Annual Specified Amount
1986	$54,800,000
1987	$76,650,000
1988	$80,480,000
1989	$88,510,000
1990	$115,330,000
1991	$145,470,000
1992	$182,730,000
1993	$206,520,000;

and means the Certified Annual Debt Service Requirement (as defined in Section 13 of the Build Illinois Bond Act) or the

Tax Act Amount, whichever is greater, for fiscal year 1994 and each fiscal year thereafter; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund during such month and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year. The amounts payable into the Build Illinois Fund under clause (b) of the first sentence in this paragraph shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing Bonds issued and outstanding pursuant to the Build Illinois Bond Act is sufficient, taking into account any future investment income, to fully provide, in accordance with such indenture, for the defeasance of or the payment of the principal of, premium, if any, and interest on the Bonds secured by such indenture and on any Bonds expected to be issued thereafter and all fees and costs payable with respect thereto, all as certified by the

Director of the Bureau of the Budget (now Governor's Office of Management and Budget). If on the last business day of any month in which Bonds are outstanding pursuant to the Build Illinois Bond Act, the aggregate of moneys deposited in the Build Illinois Bond Account in the Build Illinois Fund in such month shall be less than the amount required to be transferred in such month from the Build Illinois Bond Account to the Build Illinois Bond Retirement and Interest Fund pursuant to Section 13 of the Build Illinois Bond Act, an amount equal to such deficiency shall be immediately paid from other moneys received by the Department pursuant to the Tax Acts to the Build Illinois Fund; provided, however, that any amounts paid to the Build Illinois Fund in any fiscal year pursuant to this sentence shall be deemed to constitute payments pursuant to clause (b) of the first sentence of this paragraph and shall reduce the amount otherwise payable for such fiscal year pursuant to that clause (b). The moneys received by the Department pursuant to this Act and required to be deposited into the Build Illinois Fund are subject to the pledge, claim and charge set forth in Section 12 of the Build Illinois Bond Act.

Subject to payment of amounts into the Build Illinois Fund as provided in the preceding paragraph or in any amendment thereto hereafter enacted, the following specified monthly installment of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority

provided under Section 8.25f of the State Finance Act, but not in excess of sums designated as "Total Deposit", shall be deposited in the aggregate from collections under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act into the McCormick Place Expansion Project Fund in the specified fiscal years.

Fiscal Year	Total Deposit
1993	$0
1994	53,000,000
1995	58,000,000
1996	61,000,000
1997	64,000,000
1998	68,000,000
1999	71,000,000
2000	75,000,000
2001	80,000,000
2002	93,000,000
2003	99,000,000
2004	103,000,000
2005	108,000,000
2006	113,000,000
2007	119,000,000
2008	126,000,000
2009	132,000,000
2010	139,000,000

1	2011	146,000,000
2	2012	153,000,000
3	2013	161,000,000
4	2014	170,000,000
5	2015	179,000,000
6	2016	189,000,000
7	2017	199,000,000
8	2018	210,000,000
9	2019	221,000,000
10	2020	233,000,000
11	2021	300,000,000
12	2022	300,000,000
13	2023	300,000,000
14	2024	300,000,000
15	2025	300,000,000
16	2026	300,000,000
17	2027	375,000,000
18	2028	375,000,000
19	2029	375,000,000
20	2030	375,000,000
21	2031	375,000,000
22	2032	375,000,000
23	2033	375,000,000
24	2034	375,000,000
25	2035	375,000,000
26	2036	450,000,000

and
each fiscal year
thereafter that bonds
are outstanding under
Section 13.2 of the
Metropolitan Pier and
Exposition Authority Act,
but not after fiscal year 2060.

Beginning July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority for that fiscal year, less the amount deposited into the McCormick Place Expansion Project Fund by the State Treasurer in the respective month under subsection (g) of Section 13 of the Metropolitan Pier and Exposition Authority Act, plus cumulative deficiencies in the deposits required under this Section for previous months and years, shall be deposited into the McCormick Place Expansion Project Fund, until the full amount requested for the fiscal year, but not in excess of the amount specified above as "Total Deposit", has been deposited.

Subject to payment of amounts into the Capital Projects Fund, the Clean Air Act Permit Fund, the Build Illinois Fund, and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, for aviation fuel sold on or after December 1, 2019,

the Department shall each month deposit into the Aviation Fuel Sales Tax Refund Fund an amount estimated by the Department to be required for refunds of the 80% portion of the tax on aviation fuel under this Act. The Department shall only deposit moneys into the Aviation Fuel Sales Tax Refund Fund under this paragraph for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Subject to payment of amounts into the Build Illinois Fund and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, beginning July 1, 1993 and ending on September 30, 2013, the Department shall each month pay into the Illinois Tax Increment Fund 0.27% of 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property.

Subject to payment of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, and the Illinois Tax Increment Fund pursuant to the preceding paragraphs or in any amendments to this Section hereafter enacted, beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098), each month, from the collections made under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act, the Department

shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue, an amount equal to 1/12 of 5% of 80% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and associated local occupation and use taxes administered by the Department.

Subject to payments of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, the Energy Infrastructure Fund, and the Tax Compliance and Administration Fund as provided in this Section, beginning on July 1, 2018 the Department shall pay each month into the Downstate Public Transportation Fund the moneys required to be so paid under Section 2-3 of the Downstate Public Transportation Act.

Subject to successful execution and delivery of a public-private agreement between the public agency and private entity and completion of the civic build, beginning on July 1, 2023, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, the Department shall deposit the following specified deposits in the aggregate from collections under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax

Act, as required under Section 8.25g of the State Finance Act for distribution consistent with the Public-Private Partnership for Civic and Transit Infrastructure Project Act. The moneys received by the Department pursuant to this Act and required to be deposited into the Civic and Transit Infrastructure Fund are subject to the pledge, claim and charge set forth in Section 25-55 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act. As used in this paragraph, "civic build", "private entity", "public-private agreement", and "public agency" have the meanings provided in Section 25-10 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act.

Fiscal Year	Total Deposit
2024	$200,000,000
2025	$206,000,000
2026	$212,200,000
2027	$218,500,000
2028	$225,100,000
2029	$288,700,000
2030	$298,900,000
2031	$309,300,000
2032	$320,100,000
2033	$331,200,000
2034	$341,200,000
2035	$351,400,000
2036	$361,900,000

2037 ..... $372,800,000
2038 ..... $384,000,000
2039 ..... $395,500,000
2040 ..... $407,400,000
2041 ..... $419,600,000
2042 ..... $432,200,000
2043 ..... $445,100,000

Beginning July 1, 2021 and until July 1, 2022, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 16% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2022 and until July 1, 2023, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 32% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2023 and until July 1, 2024, subject to the payment of amounts into the County and Mass

Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 48% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2024 and until July 1, 2025, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 64% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning on July 1, 2025, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 80% of the net revenue realized from the taxes imposed on motor fuel and gasohol. As used in this paragraph "motor fuel" has the meaning given to that term in Section 1.1 of the Motor Fuel Tax Law, and "gasohol" has the meaning given to that term in

Section 3-40 of the Use Tax Act.

Of the remainder of the moneys received by the Department pursuant to this Act, 75% thereof shall be paid into the State treasury and 25% shall be reserved in a special account and used only for the transfer to the Common School Fund as part of the monthly transfer from the General Revenue Fund in accordance with Section 8a of the State Finance Act.

The Department may, upon separate written notice to a taxpayer, require the taxpayer to prepare and file with the Department on a form prescribed by the Department within not less than 60 days after receipt of the notice an annual information return for the tax year specified in the notice. Such annual return to the Department shall include a statement of gross receipts as shown by the retailer's last federal income tax return. If the total receipts of the business as reported in the federal income tax return do not agree with the gross receipts reported to the Department of Revenue for the same period, the retailer shall attach to his annual return a schedule showing a reconciliation of the 2 amounts and the reasons for the difference. The retailer's annual return to the Department shall also disclose the cost of goods sold by the retailer during the year covered by such return, opening and closing inventories of such goods for such year, costs of goods used from stock or taken from stock and given away by the retailer during such year, payroll information of the retailer's business during such year and any additional

reasonable information which the Department deems would be helpful in determining the accuracy of the monthly, quarterly, or annual returns filed by such retailer as provided for in this Section.

If the annual information return required by this Section is not filed when and as required, the taxpayer shall be liable as follows:

(i) Until January 1, 1994, the taxpayer shall be liable for a penalty equal to 1/6 of 1% of the tax due from such taxpayer under this Act during the period to be covered by the annual return for each month or fraction of a month until such return is filed as required, the penalty to be assessed and collected in the same manner as any other penalty provided for in this Act.

(ii) On and after January 1, 1994, the taxpayer shall be liable for a penalty as described in Section 3-4 of the Uniform Penalty and Interest Act.

The chief executive officer, proprietor, owner, or highest ranking manager shall sign the annual return to certify the accuracy of the information contained therein. Any person who willfully signs the annual return containing false or inaccurate information shall be guilty of perjury and punished accordingly. The annual return form prescribed by the Department shall include a warning that the person signing the return may be liable for perjury.

The provisions of this Section concerning the filing of an

annual information return do not apply to a retailer who is not required to file an income tax return with the United States Government.

As soon as possible after the first day of each month, upon certification of the Department of Revenue, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the Motor Fuel Tax Fund an amount equal to 1.7% of 80% of the net revenue realized under this Act for the second preceding month. Beginning April 1, 2000, this transfer is no longer required and shall not be made.

Net revenue realized for a month shall be the revenue collected by the State pursuant to this Act, less the amount paid out during that month as refunds to taxpayers for overpayment of liability.

For greater simplicity of administration, manufacturers, importers and wholesalers whose products are sold at retail in Illinois by numerous retailers, and who wish to do so, may assume the responsibility for accounting and paying to the Department all tax accruing under this Act with respect to such sales, if the retailers who are affected do not make written objection to the Department to this arrangement.

Any person who promotes, organizes, or provides retail selling space for concessionaires or other types of sellers at the Illinois State Fair, DuQuoin State Fair, county fairs, local fairs, art shows, flea markets, and similar exhibitions or events, including any transient merchant as defined by

Section 2 of the Transient Merchant Act of 1987, is required to file a report with the Department providing the name of the merchant's business, the name of the person or persons engaged in merchant's business, the permanent address and Illinois Retailers Occupation Tax Registration Number of the merchant, the dates and location of the event, and other reasonable information that the Department may require. The report must be filed not later than the 20th day of the month next following the month during which the event with retail sales was held. Any person who fails to file a report required by this Section commits a business offense and is subject to a fine not to exceed $250.

Any person engaged in the business of selling tangible personal property at retail as a concessionaire or other type of seller at the Illinois State Fair, county fairs, art shows, flea markets, and similar exhibitions or events, or any transient merchants, as defined by Section 2 of the Transient Merchant Act of 1987, may be required to make a daily report of the amount of such sales to the Department and to make a daily payment of the full amount of tax due. The Department shall impose this requirement when it finds that there is a significant risk of loss of revenue to the State at such an exhibition or event. Such a finding shall be based on evidence that a substantial number of concessionaires or other sellers who are not residents of Illinois will be engaging in the business of selling tangible personal property at retail at

the exhibition or event, or other evidence of a significant risk of loss of revenue to the State. The Department shall notify concessionaires and other sellers affected by the imposition of this requirement. In the absence of notification by the Department, the concessionaires and other sellers shall file their returns as otherwise required in this Section.

(Source: P.A. 102-634, eff. 8-27-21; 102-700, Article 60, Section 60-30, eff. 4-19-22; 102-700, Article 65, Section 65-10, eff. 4-19-22; 102-813, eff. 5-13-22; 102-1019, eff. 1-1-23; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23; 103-363, eff. 7-28-23; 103-592, Article 75, Section 75-20, eff. 1-1-25; 103-592, Article 110, Section 110-20, eff. 6-7-24; 103-605, eff. 7-1-24; 103-1055, eff. 12-20-24.)

(35 ILCS 120/4) (from Ch. 120, par. 443)

Sec. 4. As soon as practicable after any return is filed, the Department shall examine such return and shall, if necessary, correct such return according to its best judgment and information. If the correction of a return results in an amount of tax that is understated on the taxpayer's return due to a mathematical error, the Department shall notify the taxpayer that the amount of tax in excess of that shown on the return is due and has been assessed. The term "mathematical error" means arithmetic errors or incorrect computations on the return or supporting schedules. No such notice of additional tax due shall be issued on and after each July 1 and

January 1 covering gross receipts received during any month or period of time more than 3 years prior to such July 1 and January 1, respectively. Such notice of additional tax due shall not be considered a notice of tax liability nor shall the taxpayer have any right of protest. In the event that the return is corrected for any reason other than a mathematical error, any return so corrected by the Department shall be prima facie correct and shall be prima facie evidence of the correctness of the amount of tax due, as shown therein. In correcting transaction by transaction reporting returns provided for in Section 3 of this Act, it shall be permissible for the Department to show a single corrected return figure for any given period of a calendar month instead of having to correct each transaction by transaction return form individually and having to show a corrected return figure for each of such transaction by transaction return forms. In making a correction of transaction by transaction, monthly or quarterly returns covering a period of 6 months or more, it shall be permissible for the Department to show a single corrected return figure for any given 6-month period.

For sales sourced under this Act to the Illinois location to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser, if the taxpayer fails to provide the information, schedules, or supporting documents necessary to determine such location, the Department shall, in lieu of imposing a penalty for an

unprocessable return under the Uniform Penalty and Interest Act, assess tax on the gross receipts of such sales at the rate of 15%.

Instead of requiring the person filing such return to file an amended return, the Department may simply notify him of the correction or corrections it has made.

Proof of such correction by the Department may be made at any hearing before the Department or the Illinois Independent Tax Tribunal or in any legal proceeding by a reproduced copy or computer print-out of the Department's record relating thereto in the name of the Department under the certificate of the Director of Revenue. If reproduced copies of the Department's records are offered as proof of such correction, the Director must certify that those copies are true and exact copies of records on file with the Department. If computer print-outs of the Department's records are offered as proof of such correction, the Director must certify that those computer print-outs are true and exact representations of records properly entered into standard electronic computing equipment, in the regular course of the Department's business, at or reasonably near the time of the occurrence of the facts recorded, from trustworthy and reliable information. Such certified reproduced copy or certified computer print-out shall without further proof, be admitted into evidence before the Department or in any legal proceeding and shall be prima facie proof of the correctness of the amount of tax due, as

shown therein.

If the tax computed upon the basis of the gross receipts as fixed by the Department is greater than the amount of tax due under the return or returns as filed, the Department shall (or if the tax or any part thereof that is admitted to be due by a return or returns, whether filed on time or not, is not paid, the Department may) issue the taxpayer a notice of tax liability for the amount of tax claimed by the Department to be due, together with a penalty in an amount determined in accordance with Section 3-3 of the Uniform Penalty and Interest Act. Provided, that if the incorrectness of any return or returns as determined by the Department is due to negligence or fraud, said penalty shall be in an amount determined in accordance with Section 3-5 or Section 3-6 of the Uniform Penalty and Interest Act, as the case may be. If the notice of tax liability is not based on a correction of the taxpayer's return or returns, but is based on the taxpayer's failure to pay all or a part of the tax admitted by his return or returns (whether filed on time or not) to be due, such notice of tax liability shall be prima facie correct and shall be prima facie evidence of the correctness of the amount of tax due, as shown therein.

Proof of such notice of tax liability by the Department may be made at any hearing before the Department or the Illinois Independent Tax Tribunal or in any legal proceeding by a reproduced copy of the Department's record relating

thereto in the name of the Department under the certificate of the Director of Revenue. Such reproduced copy shall without further proof, be admitted into evidence before the Department or in any legal proceeding and shall be prima facie proof of the correctness of the amount of tax due, as shown therein.

If the person filing any return dies or becomes a person under legal disability at any time before the Department issues its notice of tax liability, such notice shall be issued to the administrator, executor or other legal representative, as such, of such person.

Except in case of a fraudulent return, or in the case of an amended return (where a notice of tax liability may be issued on or after each January 1 and July 1 for an amended return filed not more than 3 years prior to such January 1 or July 1, respectively), no notice of tax liability shall be issued on and after each January 1 and July 1 covering gross receipts received during any month or period of time more than 3 years prior to such January 1 and July 1, respectively. If, before the expiration of the time prescribed in this Section for the issuance of a notice of tax liability, both the Department and the taxpayer have consented in writing to its issuance after such time, such notice may be issued at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon. The foregoing limitations upon the issuance of a notice of tax

liability shall not apply to the issuance of a notice of tax liability with respect to any period of time prior thereto in cases where the Department has, within the period of limitation then provided, notified the person making the return of a notice of tax liability even though such return, with which the tax that was shown by such return to be due was paid when the return was filed, had not been corrected by the Department in the manner required herein prior to the issuance of such notice, but in no case shall the amount of any such notice of tax liability for any period otherwise barred by this Act exceed for such period the amount shown in the notice of tax liability theretofore issued.

If, when a tax or penalty under this Act becomes due and payable, the person alleged to be liable therefor is out of the State, the notice of tax liability may be issued within the times herein limited after his coming into or return to the State; and if, after the tax or penalty under this Act becomes due and payable, the person alleged to be liable therefor departs from and remains out of the State, the time of his or her absence is no part of the time limited for the issuance of the notice of tax liability; but the foregoing provisions concerning absence from the State shall not apply to any case in which, at the time when a tax or penalty becomes due under this Act, the person allegedly liable therefor is not a resident of this State.

The time limitation period on the Department's right to

issue a notice of tax liability shall not run during any period of time in which the Order of any Court has the effect of enjoining or restraining the Department from issuing the notice of tax liability.

If such person or legal representative shall within 60 days after such notice of tax liability file a protest to said notice of tax liability with the Department and request a hearing thereon, the Department shall give notice to such person or legal representative of the time and place fixed for such hearing and shall hold a hearing in conformity with the provisions of this Act, and pursuant thereto shall issue to such person or legal representative a final assessment for the amount found to be due as a result of such hearing. On or after July 1, 2013, protests concerning matters that are subject to the jurisdiction of the Illinois Independent Tax Tribunal shall be filed with the Illinois Independent Tax Tribunal in accordance with the Illinois Independent Tax Tribunal Act of 2012, and hearings concerning those matters shall be held before the Tribunal in accordance with that Act. The Tribunal shall give notice to such person of the time and place fixed for such hearing and shall hold a hearing. With respect to protests filed with the Department prior to July 1, 2013 that would otherwise be subject to the jurisdiction of the Illinois Independent Tax Tribunal, the taxpayer may elect to be subject to the provisions of the Illinois Independent Tax Tribunal Act of 2012 at any time on or after July 1, 2013, but not later

than 30 days after the date on which the protest was filed. If made, the election shall be irrevocable.

If a protest to the notice of tax liability and a request for a hearing thereon is not filed within 60 days after such notice, such notice of tax liability shall become final without the necessity of a final assessment being issued and shall be deemed to be a final assessment.

Notwithstanding any other provisions of this Act, any amount paid as tax or in respect of tax paid under this Act, other than amounts paid as quarter-monthly payments, shall be deemed assessed upon the date of receipt of payment.

After the issuance of a final assessment, or a notice of tax liability which becomes final without the necessity of actually issuing a final assessment as hereinbefore provided, the Department, at any time before such assessment is reduced to judgment, may (subject to rules of the Department) grant a rehearing (or grant departmental review and hold an original hearing if no previous hearing in the matter has been held) upon the application of the person aggrieved. Pursuant to such hearing or rehearing, the Department shall issue a revised final assessment to such person or his legal representative for the amount found to be due as a result of such hearing or rehearing.

(Source: P.A. 103-9, eff. 1-1-24.)

(35 ILCS 120/5) (from Ch. 120, par. 444)

Sec. 5. In case any person engaged in the business of selling tangible personal property at retail fails to file a return when and as herein required, but thereafter, prior to the Department's issuance of a notice of tax liability under this Section, files a return and pays the tax, he shall also pay a penalty in an amount determined in accordance with Section 3-3 of the Uniform Penalty and Interest Act.

In case any person engaged in the business of selling tangible personal property at retail files the return at the time required by this Act but fails to pay the tax, or any part thereof, when due, a penalty in an amount determined in accordance with Section 3-3 of the Uniform Penalty and Interest Act shall be added thereto.

In case any person engaged in the business of selling tangible personal property at retail fails to file a return when and as herein required, but thereafter, prior to the Department's issuance of a notice of tax liability under this Section, files a return but fails to pay the entire tax, a penalty in an amount determined in accordance with Section 3-3 of the Uniform Penalty and Interest Act shall be added thereto.

In case any person engaged in the business of selling tangible personal property at retail fails to file a return, the Department shall determine the amount of tax due from him according to its best judgment and information, which amount so fixed by the Department shall be prima facie correct and

shall be prima facie evidence of the correctness of the amount of tax due, as shown in such determination. In making any such determination of tax due, it shall be permissible for the Department to show a figure that represents the tax due for any given period of 6 months instead of showing the amount of tax due for each month separately. Proof of such determination by the Department may be made at any hearing before the Department or in any legal proceeding by a reproduced copy or computer print-out of the Department's record relating thereto in the name of the Department under the certificate of the Director of Revenue. If reproduced copies of the Department's records are offered as proof of such determination, the Director must certify that those copies are true and exact copies of records on file with the Department. If computer print-outs of the Department's records are offered as proof of such determination, the Director must certify that those computer print-outs are true and exact representations of records properly entered into standard electronic computing equipment, in the regular course of the Department's business, at or reasonably near the time of the occurrence of the facts recorded, from trustworthy and reliable information. Such certified reproduced copy or certified computer print-out shall, without further proof, be admitted into evidence before the Department or in any legal proceeding and shall be prima facie proof of the correctness of the amount of tax due, as shown therein. The Department shall issue the taxpayer a

notice of tax liability for the amount of tax claimed by the Department to be due, together with a penalty of 30% thereof.

For sales sourced under this Act to the Illinois location to which the tangible personal property is shipped or delivered or at which possession is taken by the purchaser, if the taxpayer fails to provide the information, schedules, or supporting documents necessary to determine such location, the Department shall, in lieu of imposing a penalty for an unprocessable return under the Uniform Penalty and Interest Act, assess tax on the gross receipts of such sales at the rate of 15%.

However, where the failure to file any tax return required under this Act on the date prescribed therefor (including any extensions thereof), is shown to be unintentional and nonfraudulent and has not occurred in the 2 years immediately preceding the failure to file on the prescribed date or is due to other reasonable cause the penalties imposed by this Act shall not apply.

The taxpayer or the taxpayer's legal representative may, within 60 days after such notice, file a protest to such notice of tax liability with the Department and request a hearing thereon. The Department shall give notice to such person or the legal representative of such person of the time and place fixed for such hearing, and shall hold a hearing in conformity with the provisions of this Act, and pursuant thereto shall issue a final assessment to such person or to the legal

representative of such person for the amount found to be due as a result of such hearing. On and after July 1, 2013, protests concerning matters that are under the jurisdiction of the Illinois Independent Tax Tribunal shall be filed with the Illinois Independent Tax Tribunal in accordance with the Illinois Independent Tax Tribunal Act of 2012, and hearings concerning those matters shall be held before the Tribunal in accordance with that Act. With respect to protests filed with the Illinois Independent Tax Tribunal, the Tribunal shall give notice to that person or the legal representative of that person of the time and place fixed for a hearing, and shall hold a hearing in conformity with the provisions of this Act and the Illinois Independent Tax Tribunal Act of 2012; and pursuant thereto the Department shall issue a final assessment to such person or to the legal representative of such person for the amount found to be due as a result of the hearing. With respect to protests filed with the Department prior to July 1, 2013 that would otherwise be subject to the jurisdiction of the Illinois Independent Tax Tribunal, the taxpayer may elect to be subject to the provisions of the Illinois Independent Tax Tribunal Act of 2012 at any time on or after July 1, 2013, but not later than 30 days after the date on which the protest was filed. If made, the election shall be irrevocable.

If a protest to the notice of tax liability and a request for a hearing thereon is not filed within 60 days after such notice, such notice of tax liability shall become final

without the necessity of a final assessment being issued and shall be deemed to be a final assessment.

After the issuance of a final assessment, or a notice of tax liability which becomes final without the necessity of actually issuing a final assessment as hereinbefore provided, the Department, at any time before such assessment is reduced to judgment, may (subject to rules of the Department) grant a rehearing (or grant departmental review and hold an original hearing if no previous hearing in the matter has been held) upon the application of the person aggrieved. Pursuant to such hearing or rehearing, the Department shall issue a revised final assessment to such person or his legal representative for the amount found to be due as a result of such hearing or rehearing.

Except in case of failure to file a return, or with the consent of the person to whom the notice of tax liability is to be issued, no notice of tax liability shall be issued on and after each July 1 and January 1 covering gross receipts received during any month or period of time more than 3 years prior to such July 1 and January 1, respectively, except that if a return is not filed at the required time, no notice of tax liability may be issued on and after each July 1 and January 1 for such return filed more than 3 years prior to such July 1 and January 1, respectively. The foregoing limitations upon the issuance of a notice of tax liability shall not apply to the issuance of any such notice with respect to any period of

time prior thereto in cases where the Department has, within the period of limitation then provided, notified a person of the amount of tax computed even though the Department had not determined the amount of tax due from such person in the manner required herein prior to the issuance of such notice, but in no case shall the amount of any such notice of tax liability for any period otherwise barred by this Act exceed for such period the amount shown in the notice theretofore issued.

If, when a tax or penalty under this Act becomes due and payable, the person alleged to be liable therefor is out of the State, the notice of tax liability may be issued within the times herein limited after his or her coming into or return to the State; and if, after the tax or penalty under this Act becomes due and payable, the person alleged to be liable therefor departs from and remains out of the State, the time of his or her absence is no part of the time limited for the issuance of the notice of tax liability; but the foregoing provisions concerning absence from the State shall not apply to any case in which, at the time when a tax or penalty becomes due under this Act, the person allegedly liable therefor is not a resident of this State.

The time limitation period on the Department's right to issue a notice of tax liability shall not run during any period of time in which the order of any court has the effect of enjoining or restraining the Department from issuing the notice of tax liability.

In case of failure to pay the tax, or any portion thereof, or any penalty provided for in this Act, or interest, when due, the Department may bring suit to recover the amount of such tax, or portion thereof, or penalty or interest; or, if the taxpayer has died or become a person under legal disability, may file a claim therefor against his estate; provided that no such suit with respect to any tax, or portion thereof, or penalty, or interest shall be instituted more than 6 years after the date any proceedings in court for review thereof have terminated or the time for the taking thereof has expired without such proceedings being instituted, except with the consent of the person from whom such tax or penalty or interest is due; nor, except with such consent, shall such suit be instituted more than 6 years after the date any return is filed with the Department in cases where the return constitutes the basis for the suit for unpaid tax, or portion thereof, or penalty provided for in this Act, or interest: Provided that the time limitation period on the Department's right to bring any such suit shall not run during any period of time in which the order of any court has the effect of enjoining or restraining the Department from bringing such suit.

After the expiration of the period within which the person assessed may file an action for judicial review under the Administrative Review Law or the Illinois Independent Tax Tribunal Act of 2012, as applicable, without such an action being filed, a certified copy of the final assessment or

revised final assessment of the Department may be filed with the Circuit Court of the county in which the taxpayer has his principal place of business, or of Sangamon County in those cases in which the taxpayer does not have his principal place of business in this State. The certified copy of the final assessment or revised final assessment shall be accompanied by a certification which recites facts that are sufficient to show that the Department complied with the jurisdictional requirements of the Act in arriving at its final assessment or its revised final assessment and that the taxpayer had his opportunity for an administrative hearing and for judicial review, whether he availed himself or herself of either or both of these opportunities or not. If the court is satisfied that the Department complied with the jurisdictional requirements of the Act in arriving at its final assessment or its revised final assessment and that the taxpayer had his opportunity for an administrative hearing and for judicial review, whether he availed himself of either or both of these opportunities or not, the court shall render judgment in favor of the Department and against the taxpayer for the amount shown to be due by the final assessment or the revised final assessment, plus any interest which may be due, and such judgment shall be entered in the judgment docket of the court. Such judgment shall bear the rate of interest as set by the Uniform Penalty and Interest Act, but otherwise shall have the same effect as other judgments. The judgment may be enforced,

and all laws applicable to sales for the enforcement of a judgment shall be applicable to sales made under such judgments. The Department shall file the certified copy of its assessment, as herein provided, with the Circuit Court within 6 years after such assessment becomes final except when the taxpayer consents in writing to an extension of such filing period, and except that the time limitation period on the Department's right to file the certified copy of its assessment with the Circuit Court shall not run during any period of time in which the order of any court has the effect of enjoining or restraining the Department from filing such certified copy of its assessment with the Circuit Court.

If, when the cause of action for a proceeding in court accrues against a person, he or she is out of the State, the action may be commenced within the times herein limited, after his or her coming into or return to the State; and if, after the cause of action accrues, he or she departs from and remains out of the State, the time of his or her absence is no part of the time limited for the commencement of the action; but the foregoing provisions concerning absence from the State shall not apply to any case in which, at the time the cause of action accrues, the party against whom the cause of action accrues is not a resident of this State. The time within which a court action is to be commenced by the Department hereunder shall not run from the date the taxpayer files a petition in bankruptcy under the Federal Bankruptcy Act until 30 days

after notice of termination or expiration of the automatic stay imposed by the Federal Bankruptcy Act.

No claim shall be filed against the estate of any deceased person or any person under legal disability for any tax or penalty or part of either, or interest, except in the manner prescribed and within the time limited by the Probate Act of 1975, as amended.

The collection of tax or penalty or interest by any means provided for herein shall not be a bar to any prosecution under this Act.

In addition to any penalty provided for in this Act, any amount of tax which is not paid when due shall bear interest at the rate and in the manner specified in Sections 3-2 and 3-9 of the Uniform Penalty and Interest Act from the date when such tax becomes past due until such tax is paid or a judgment therefor is obtained by the Department. If the time for making or completing an audit of a taxpayer's books and records is extended with the taxpayer's consent, at the request of and for the convenience of the Department, beyond the date on which the statute of limitations upon the issuance of a notice of tax liability by the Department otherwise would run, no interest shall accrue during the period of such extension or until a Notice of Tax Liability is issued, whichever occurs first.

In addition to any other remedy provided by this Act, and regardless of whether the Department is making or intends to

make use of such other remedy, where a corporation or limited liability company registered under this Act violates the provisions of this Act or of any rule or regulation promulgated thereunder, the Department may give notice to the Attorney General of the identity of such a corporation or limited liability company and of the violations committed by such a corporation or limited liability company, for such action as is not already provided for by this Act and as the Attorney General may deem appropriate.

If the Department determines that an amount of tax or penalty or interest was incorrectly assessed, whether as the result of a mistake of fact or an error of law, the Department shall waive the amount of tax or penalty or interest that accrued due to the incorrect assessment.

(Source: P.A. 97-1129, eff. 8-28-12; 98-463, eff. 8-16-13; 98-584, eff. 8-27-13.)

(35 ILCS 120/6) (from Ch. 120, par. 445)

Sec. 6. Credit memorandum or refund. If it appears, after claim therefor filed with the Department, that an amount of tax or penalty or interest has been paid which was not due under this Act, whether as the result of a mistake of fact or an error of law, except as hereinafter provided, then the Department shall issue a credit memorandum or refund to the person who made the erroneous payment or, if that person died or became a person under legal disability, to his or her legal

representative, as such. For purposes of this Section, the tax is deemed to be erroneously paid by a retailer when the manufacturer of a motor vehicle sold by the retailer accepts the return of that automobile and refunds to the purchaser the selling price of that vehicle as provided in the New Vehicle Buyer Protection Act. When a motor vehicle is returned for a refund of the purchase price under the New Vehicle Buyer Protection Act, the Department shall issue a credit memorandum or a refund for the amount of tax paid by the retailer under this Act attributable to the initial sale of that vehicle. Claims submitted by the retailer are subject to the same restrictions and procedures provided for in this Act. If it is determined that the Department should issue a credit memorandum or refund, the Department may first apply the amount thereof against any tax or penalty or interest due or to become due under this Act or under the Use Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, or any local occupation or use tax administered by the Department, ~~Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (c), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act,~~ from the person who made the erroneous payment. If no tax or penalty or interest is due and no proceeding is pending to determine whether such person is indebted to the Department for tax or penalty or interest, the credit memorandum or refund shall be issued to the claimant;

or (in the case of a credit memorandum) the credit memorandum may be assigned and set over by the lawful holder thereof, subject to reasonable rules of the Department, to any other person who is subject to this Act, the Use Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, or any local occupation or use tax administered by the Department~~, Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (c), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act,~~ and the amount thereof applied by the Department against any tax or penalty or interest due or to become due under this Act or under the Use Tax Act, the Service Occupation Tax Act, the Service Use Tax Act, or any local occupation or use tax administered by the Department, ~~Section 4 of the Water Commission Act of 1985, subsections (b), (c) and (d) of Section 5.01 of the Local Mass Transit District Act, or subsections (c), (f) and (g) of Section 4.03 of the Regional Transportation Authority Act,~~ from such assignee. However, as to any claim for credit or refund filed with the Department on and after each January 1 and July 1 no amount of tax or penalty or interest erroneously paid (either in total or partial liquidation of a tax or penalty or amount of interest under this Act) more than 3 years prior to such January 1 and July 1, respectively, shall be credited or refunded, except that if both the Department and the taxpayer have agreed to an extension of time to issue a notice of tax

liability as provided in Section 4 of this Act, such claim may be filed at any time prior to the expiration of the period agreed upon. Notwithstanding any other provision of this Act to the contrary, for any period included in a claim for credit or refund for which the statute of limitations for issuing a notice of tax liability under this Act will expire less than 6 months after the date a taxpayer files the claim for credit or refund, the statute of limitations is automatically extended for 6 months from the date it would have otherwise expired.

No claim may be allowed for any amount paid to the Department, whether paid voluntarily or involuntarily, if paid in total or partial liquidation of an assessment which had become final before the claim for credit or refund to recover the amount so paid is filed with the Department, or if paid in total or partial liquidation of a judgment or order of court. No credit may be allowed or refund made for any amount paid by or collected from any claimant unless it appears (a) that the claimant bore the burden of such amount and has not been relieved thereof nor reimbursed therefor and has not shifted such burden directly or indirectly through inclusion of such amount in the price of the tangible personal property sold by him or her or in any manner whatsoever; and that no understanding or agreement, written or oral, exists whereby he or she or his or her legal representative may be relieved of the burden of such amount, be reimbursed therefor or may shift the burden thereof; or (b) that he or she or his or her legal

representative has repaid unconditionally such amount to his or her vendee (1) who bore the burden thereof and has not shifted such burden directly or indirectly, in any manner whatsoever; (2) who, if he or she has shifted such burden, has repaid unconditionally such amount to his own vendee; and (3) who is not entitled to receive any reimbursement therefor from any other source than from his or her vendor, nor to be relieved of such burden in any manner whatsoever. No credit may be allowed or refund made for any amount paid by or collected from any claimant unless it appears that the claimant has unconditionally repaid, to the purchaser, any amount collected from the purchaser and retained by the claimant with respect to the same transaction under the Use Tax Act.

Any credit or refund that is allowed under this Section shall bear interest at the rate and in the manner specified in the Uniform Penalty and Interest Act.

In case the Department determines that the claimant is entitled to a refund, such refund shall be made only from the Aviation Fuel Sales Tax Refund Fund or from such appropriation as may be available for that purpose, as appropriate. If it appears unlikely that the amount available would permit everyone having a claim allowed during the period covered by such appropriation or from the Aviation Fuel Sales Tax Refund Fund, as appropriate, to elect to receive a cash refund, the Department, by rule or regulation, shall provide for the

payment of refunds in hardship cases and shall define what types of cases qualify as hardship cases.

If a retailer who has failed to pay retailers' occupation tax on gross receipts from retail sales is required by the Department to pay such tax, such retailer, without filing any formal claim with the Department, shall be allowed to take credit against such retailers' occupation tax liability to the extent, if any, to which such retailer has paid an amount equivalent to retailers' occupation tax or has paid use tax in error to his or her vendor or vendors of the same tangible personal property which such retailer bought for resale and did not first use before selling it, and no penalty or interest shall be charged to such retailer on the amount of such credit. However, when such credit is allowed to the retailer by the Department, the vendor is precluded from refunding any of that tax to the retailer and filing a claim for credit or refund with respect thereto with the Department. The provisions of this amendatory Act shall be applied retroactively, regardless of the date of the transaction.

(Source: P.A. 101-10, eff. 6-5-19; 102-40, eff. 6-25-21.)

Section 25-25. The Leveling the Playing Field for Illinois Retail Act is amended by changing Sections 5-5, 5-10, 5-25, 5-27, and 5-30 as follows:

(35 ILCS 185/5-5)

Sec. 5-5. Findings. The General Assembly finds that certified service providers and certified automated systems simplify use and occupation tax compliance for remote retailers, retailers maintaining a place of business in this State, and servicemen maintaining a place of business in this State, which fosters higher levels of accurate tax collection and remittance and generates administrative savings and new marginal tax revenue for both State and local taxing jurisdictions. By making the services of certified service providers and certified automated systems available to remote retailers, retailers maintaining a place of business in this State, and servicemen maintaining a place of business in this State as provided in this Act, the State will substantially eliminate the burden on those remote retailers, retailers maintaining a place of business in this State, and servicemen maintaining a place of business in this State to collect and remit both State and local taxing jurisdiction use and occupation taxes. While providing a means for remote retailers, retailers maintaining a place of business in this State, and servicemen maintaining a place of business in this State to collect and remit tax on an even basis with Illinois retailers, this Act also protects existing local tax revenue streams by retaining origin sourcing for all transactions by retailers and servicemen maintaining a physical presence in Illinois on sales made to Illinois customers from a location or locations inside of Illinois.

(Source: P.A. 101-31, eff. 6-28-19; 101-604, eff. 1-1-20; 102-634, eff. 8-27-21.)

(35 ILCS 185/5-10)

Sec. 5-10. Definitions. As used in this Act:

"Certified service provider" means an agent certified by the Department to perform the ~~remote retailer's~~ use and occupation tax functions of remote retailers, retailers maintaining a place of business in this State, and servicemen maintaining a place of business in this State, as outlined in the contract between the State and the certified service provider.

"Certified automated system" means an automated software system that is certified by the State as meeting all performance and tax calculation standards required by Department rules.

"Department" means the Department of Revenue.

"Remote retailer" means a retailer as defined in Section 1 of the Retailers' Occupation Tax Act that has an obligation to collect State and local retailers' occupation tax under subsection (b) of Section 2 of the Retailers' Occupation Tax Act.

"Retailer maintaining a place of business in this State" has the meaning given to that term in Section 2 of the Use Tax Act.

"Retailers' occupation tax" means the tax levied under the

Retailers' Occupation Tax Act and all applicable local retailers' occupation taxes collected by the Department in conjunction with the State retailers' occupation tax.

"Serviceman maintaining a place of business in this State" has the meaning given to that term in Section 2 of the Service Use Tax Act.

"Service occupation tax" means the tax levied under the Service Occupation Tax Act and all applicable local service occupation taxes collected by the Department in conjunction with the State service occupation tax.

(Source: P.A. 101-31, eff. 6-28-19.)

(35 ILCS 185/5-25)

Sec. 5-25. Certification.

(a) The Department shall, no later than July 1, 2020:

(1) establish uniform minimum standards that companies wishing to be designated as a certified service provider in this State must meet;

(2) establish uniform minimum standards that certified automated systems must meet;

(3) establish a certification process to review the systems of companies wishing to be designated as a certified service provider in this State or of companies wishing to use a certified automated process; this certification process shall provide that companies that meet all required standards and whose systems have been

tested and approved by the Department for properly determining the taxability of items to be sold, the correct tax rate to apply to a transaction, and the appropriate jurisdictions to which the tax shall be remitted, shall be certified;

(4) enter into a contractual relationship with each company that qualifies as a certified service provider; those contracts shall, at a minimum, provide:

(A) that the certified service provider shall be held liable for the tax imposed under this Act and the Use Tax Act and all applicable local occupation taxes administered by the Department if the certified service provider fails to correctly remit the tax after having been provided with the tax and information by a remote retailer, retailer maintaining a place of business in this State, or serviceman maintaining a place of business in this State to correctly remit the taxes imposed under this Act and the Use Tax Act and all applicable local occupation taxes administered by the Department; if the certified service provider demonstrates to the satisfaction of the Department that its failure to correctly remit tax on a retail sale resulted from the certified service provider's good faith reliance on incorrect or insufficient information provided by the remote retailer, retailer maintaining a place of business in

this State, or serviceman maintaining a place of business in this State, the certified service provider shall be relieved of liability for the tax on that retail sale; in that case, the remote retailer, retailer maintaining a place of business in this State, or serviceman maintaining a place of business in this State is liable for any resulting tax due;

(B) the responsibilities of the certified service provider and the remote retailers, retailers maintaining a place of business in this State, or servicemen maintaining a place of business in this State that contract with the certified service provider related to record keeping and auditing consistent with requirements imposed under the Retailers' Occupation Tax Act and the Use Tax Act;

(C) for the protection and confidentiality of tax information consistent with requirements imposed under the Retailers' Occupation Tax Act and the Use Tax Act;

(D) that a certified service provider may claim the discount provided for in Section 3 of the Retailers' Occupation Tax Act or Section 9 of the Service Occupation Tax Act for the tax dollars it collects and timely remits on returns that are timely filed with the Department on behalf of remote retailers , retailers maintaining a place of business in this State, or servicemen maintaining a place of

business in this State; remote retailers, retailers maintaining a place of business in this State, or servicemen maintaining a place of business in this State using a certified service provider may not claim the discount allowed in Section 3 of the Retailers' Occupation Tax Act or Section 9 of the Service Occupation Tax Act with respect to those collections; and

(E) that the certified service provider shall file a separate return for each remote retailer, retailer maintaining a place of business in this State, or serviceman maintaining a place of business in this State with which it has a Tax Remittance Agreement.

The provisions of this Section shall supersede the provisions of the Illinois Procurement Code.

(b) The Department may act jointly with other states to establish the minimum standards and process for certification required by paragraphs (1), (2), and (3) of subsection (a).

(c) When the systems of a certified service provider or certified automated systems are updated or upgraded, they must be recertified by the Department. Notification of changes shall be provided to the Department prior to implementation. Upon receipt of such notification, the Department shall review and test the changes to assess whether the updated system of the certified service provider or the updated certified automated system can properly determine the taxability of

items to be sold, the correct tax rate to apply to a transaction, and the appropriate jurisdictions to which the tax shall be remitted. The Department shall recertify updated systems that meet these requirements. The certified service provider or retailer using a certified automated system shall be liable for any tax resulting from errors caused by use of an updated or upgraded system prior to recertification by the Department. In addition to these procedures, the Department may periodically review the system of a certified service provider or the certified automated system used by a retailer to ensure that the system can properly determine the taxability of items to be sold, the correct tax rate to apply to a transaction, and the appropriate jurisdictions to which the tax shall be remitted.

(Source: P.A. 101-31, eff. 6-28-19; 101-604, eff. 1-1-20; 102-634, eff. 8-27-21.)

(35 ILCS 185/5-27)

Sec. 5-27. Tax remittance agreement.

(a) Before using the services of a certified service provider to remit taxes, remote retailers<u>, retailers maintaining a place of business in this State, and servicemen maintaining a place of business in this State</u> using a certified service provider shall enter into a tax remittance agreement with that certified service provider under which the certified service provider agrees to remit all State

retailers' occupation taxes, service occupation taxes ~~under this Act~~, use tax, service use tax, and local occupation taxes administered by the Department for sales made by the remote retailer, retailer maintaining a place of business in this State, or serviceman maintaining a place of business in this State. A copy of the tax remittance agreement shall be electronically filed with the Department by the certified service provider no later than 30 days prior to its effective date.

(b) A certified service provider that has entered into a tax remittance agreement with a remote retailer, retailer maintaining a place of business in this State, or serviceman maintaining a place of business in this State is required to file all returns and remit all taxes required under the tax remittance agreement, including all local occupation taxes administered by the Department, with respect to all sales for which there is not otherwise an exemption.

(Source: P.A. 101-604, eff. 1-1-20.)

(35 ILCS 185/5-30)

Sec. 5-30. Database; relief from liability; annual verification; refunds.

(a) The Department shall, to the best of its ability, utilize an electronic database to provide information assigning purchaser addresses to the proper local taxing jurisdiction.

(b) Remote retailers, retailers maintaining a place of business in this State, and servicemen maintaining a place of business in this State using certified service providers or certified automated systems and their certified service providers or certified automated systems providers are relieved from liability to the State for having remitted the incorrect amount of use or occupation tax resulting from a certified service provider or certified automated system relying, at the time of the sale, on: (1) erroneous data provided by the State in database files on tax rates, boundaries, or taxing jurisdictions; or (2) erroneous data provided by the State concerning the taxability of products and services.

(c) Beginning February 1, 2022 and on or before February 1 of each year thereafter, the Department shall make available to each local taxing jurisdiction the taxing jurisdiction's boundaries, determined by the Department, for its verification. Jurisdictions shall verify these taxing jurisdiction boundaries and notify the Department of any changes, additions, or deletions by April 1 of each year in the form and manner required by the Department. The Department shall use its best judgment and information to confirm the information provided by the taxing jurisdictions and update its database. The Department shall administer and enforce such changes on the first day of the next following July.

(d) The clerk of any municipality or county from which

territory has been annexed or disconnected shall notify the Department of Revenue of that annexation or disconnection in the form and manner required by the Department. Required documentation shall include a certified copy of the plat of annexation or, in the case of disconnection, the ordinance, final judgment, or resolution of disconnection together with an accurate depiction of the territory disconnected. Notification shall be provided to the Department either (i) on or before the first day of April, whereupon the Department shall confirm the information provided by the municipality or county and update its database and proceed to administer and enforce the confirmed changes on the first day of July next following the proper notification; or (ii) on or before the first day of October, whereupon the Department shall confirm the information provided by the municipality or county and update its database and proceed to administer and enforce the confirmed changes on the first day of January next following proper notification.

(e) Nothing in this Section affects a customer's right to seek a refund from the remote retailer, retailer maintaining a place of business in this State, or serviceman maintaining a place of business in this State as provided in this Act.

(Source: P.A. 101-31, eff. 6-28-19; 101-604, eff. 1-1-20.)

ARTICLE 30

Section 30-5. The Illinois Income Tax Act is amended by changing Section 304 as follows:

(35 ILCS 5/304) (from Ch. 120, par. 3-304)

Sec. 304. Business income of persons other than residents.

(a) In general. The business income of a person other than a resident shall be allocated to this State if such person's business income is derived solely from this State. If a person other than a resident derives business income from this State and one or more other states, then, for tax years ending on or before December 30, 1998, and except as otherwise provided by this Section, such person's business income shall be apportioned to this State by multiplying the income by a fraction, the numerator of which is the sum of the property factor (if any), the payroll factor (if any) and 200% of the sales factor (if any), and the denominator of which is 4 reduced by the number of factors other than the sales factor which have a denominator of zero and by an additional 2 if the sales factor has a denominator of zero. For tax years ending on or after December 31, 1998, and except as otherwise provided by this Section, persons other than residents who derive business income from this State and one or more other states shall compute their apportionment factor by weighting their property, payroll, and sales factors as provided in subsection (h) of this Section.

(1) Property factor.

(A) The property factor is a fraction, the numerator of which is the average value of the person's real and tangible personal property owned or rented and used in the trade or business in this State during the taxable year and the denominator of which is the average value of all the person's real and tangible personal property owned or rented and used in the trade or business during the taxable year.

(B) Property owned by the person is valued at its original cost. Property rented by the person is valued at 8 times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the person less any annual rental rate received by the person from sub-rentals.

(C) The average value of property shall be determined by averaging the values at the beginning and ending of the taxable year, but the Director may require the averaging of monthly values during the taxable year if reasonably required to reflect properly the average value of the person's property.

(2) Payroll factor.

(A) The payroll factor is a fraction, the numerator of which is the total amount paid in this State during the taxable year by the person for compensation, and the denominator of which is the total compensation paid everywhere during the taxable year.

(B) Compensation is paid in this State if:

(i) The individual's service is performed entirely within this State;

(ii) The individual's service is performed both within and without this State, but the service performed without this State is incidental to the individual's service performed within this State; or

(iii) For tax years ending prior to December 31, 2020, some of the service is performed within this State and either the base of operations, or if there is no base of operations, the place from which the service is directed or controlled is within this State, or the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this State. For tax years ending on or after December 31, 2020, compensation is paid in this State if some of the individual's service is performed within this State, the individual's service performed within this State is nonincidental to the individual's service performed without this State, and the individual's service is performed within this State for more than 30 working days during the tax year. The amount of compensation paid in this State shall include the portion of the individual's total compensation for services performed

on behalf of his or her employer during the tax year which the number of working days spent within this State during the tax year bears to the total number of working days spent both within and without this State during the tax year. For purposes of this paragraph:

(a) The term "working day" means all days during the tax year in which the individual performs duties on behalf of his or her employer. All days in which the individual performs no duties on behalf of his or her employer (e.g., weekends, vacation days, sick days, and holidays) are not working days.

(b) A working day is spent within this State if:

(1) the individual performs service on behalf of the employer and a greater amount of time on that day is spent by the individual performing duties on behalf of the employer within this State, without regard to time spent traveling, than is spent performing duties on behalf of the employer without this State; or

(2) the only service the individual performs on behalf of the employer on that day is traveling to a destination within this State, and the individual arrives on that day.

(c) Working days spent within this State do not include any day in which the employee is performing services in this State during a disaster period solely in response to a request made to his or her employer by the government of this State, by any political subdivision of this State, or by a person conducting business in this State to perform disaster or emergency-related services in this State. For purposes of this item (c):

"Declared State disaster or emergency" means a disaster or emergency event (i) for which a Governor's proclamation of a state of emergency has been issued or (ii) for which a Presidential declaration of a federal major disaster or emergency has been issued.

"Disaster period" means a period that begins 10 days prior to the date of the Governor's proclamation or the President's declaration (whichever is earlier) and extends for a period of 60 calendar days after the end of the declared disaster or emergency period.

"Disaster or emergency-related services" means repairing, renovating, installing, building, or rendering services or conducting other business activities that relate to

infrastructure that has been damaged, impaired, or destroyed by the declared State disaster or emergency.

"Infrastructure" means property and equipment owned or used by a public utility, communications network, broadband and Internet ~~internet~~ service provider, cable and video service provider, electric or gas distribution system, or water pipeline that provides service to more than one customer or person, including related support facilities. "Infrastructure" includes, but is not limited to, real and personal property such as buildings, offices, power lines, cable lines, poles, communications lines, pipes, structures, and equipment.

(iv) Compensation paid to nonresident professional athletes.

(a) General. The Illinois source income of a nonresident individual who is a member of a professional athletic team includes the portion of the individual's total compensation for services performed as a member of a professional athletic team during the taxable year which the number of duty days spent within this State performing services for the team in any manner during the taxable year bears to the total

number of duty days spent both within and without this State during the taxable year.

(b) Travel days. Travel days that do not involve either a game, practice, team meeting, or other similar team event are not considered duty days spent in this State. However, such travel days are considered in the total duty days spent both within and without this State.

(c) Definitions. For purposes of this subpart (iv):

(1) The term "professional athletic team" includes, but is not limited to, any professional baseball, basketball, football, soccer, or hockey team.

(2) The term "member of a professional athletic team" includes those employees who are active players, players on the disabled list, and any other persons required to travel and who travel with and perform services on behalf of a professional athletic team on a regular basis. This includes, but is not limited to, coaches, managers, and trainers.

(3) Except as provided in items (C) and (D) of this subpart (3), the term "duty days" means all days during the taxable year from the beginning of the professional athletic team's official

pre-season training period through the last game in which the team competes or is scheduled to compete. Duty days shall be counted for the year in which they occur, including where a team's official pre-season training period through the last game in which the team competes or is scheduled to compete, occurs during more than one tax year.

(A) Duty days shall also include days on which a member of a professional athletic team performs service for a team on a date that does not fall within the foregoing period (e.g., participation in instructional leagues, the "All Star Game", or promotional "caravans"). Performing a service for a professional athletic team includes conducting training and rehabilitation activities, when such activities are conducted at team facilities.

(B) Also included in duty days are game days, practice days, days spent at team meetings, promotional caravans, preseason training camps, and days served with the team through all post-season games in which the team competes or is scheduled to compete.

(C) Duty days for any person who joins a

team during the period from the beginning of the professional athletic team's official pre-season training period through the last game in which the team competes, or is scheduled to compete, shall begin on the day that person joins the team. Conversely, duty days for any person who leaves a team during this period shall end on the day that person leaves the team. Where a person switches teams during a taxable year, a separate duty-day calculation shall be made for the period the person was with each team.

(D) Days for which a member of a professional athletic team is not compensated and is not performing services for the team in any manner, including days when such member of a professional athletic team has been suspended without pay and prohibited from performing any services for the team, shall not be treated as duty days.

(E) Days for which a member of a professional athletic team is on the disabled list and does not conduct rehabilitation activities at facilities of the team, and is not otherwise performing services for the team in Illinois, shall not be considered duty days

spent in this State. All days on the disabled list, however, are considered to be included in total duty days spent both within and without this State.

(4) The term "total compensation for services performed as a member of a professional athletic team" means the total compensation received during the taxable year for services performed:

(A) from the beginning of the official pre-season training period through the last game in which the team competes or is scheduled to compete during that taxable year; and

(B) during the taxable year on a date which does not fall within the foregoing period (e.g., participation in instructional leagues, the "All Star Game", or promotional caravans).

This compensation shall include, but is not limited to, salaries, wages, bonuses as described in this subpart, and any other type of compensation paid during the taxable year to a member of a professional athletic team for services performed in that year. This compensation does not include strike benefits, severance pay, termination pay, contract or option year buy-out

payments, expansion or relocation payments, or any other payments not related to services performed for the team.

For purposes of this subparagraph, "bonuses" included in "total compensation for services performed as a member of a professional athletic team" subject to the allocation described in Section 302(c)(1) are: bonuses earned as a result of play (i.e., performance bonuses) during the season, including bonuses paid for championship, playoff or "bowl" games played by a team, or for selection to all-star league or other honorary positions; and bonuses paid for signing a contract, unless the payment of the signing bonus is not conditional upon the signee playing any games for the team or performing any subsequent services for the team or even making the team, the signing bonus is payable separately from the salary and any other compensation, and the signing bonus is nonrefundable.

(3) Sales factor.

(A) The sales factor is a fraction, the numerator of which is the total sales of the person in this State during the taxable year, and the denominator of which is the total sales of the person everywhere during the taxable year.

(B) Sales of tangible personal property are in this State if:

(i) The property is delivered or shipped to a purchaser, other than the United States government, within this State regardless of the f. o. b. point or other conditions of the sale; or

(ii) The property is shipped from an office, store, warehouse, factory or other place of storage in this State and either the purchaser is the United States government or the person is not taxable in the state of the purchaser; provided, however, that premises owned or leased by a person who has independently contracted with the seller for the printing of newspapers, periodicals or books shall not be deemed to be an office, store, warehouse, factory or other place of storage for purposes of this Section. Sales of tangible personal property are not in this State if the seller and purchaser would be members of the same unitary business group but for the fact that either the seller or purchaser is a person with 80% or more of total business activity outside of the United States and the property is purchased for resale.

(B-1) Patents, copyrights, trademarks, and similar items of intangible personal property.

(i) Gross receipts from the licensing, sale, or

other disposition of a patent, copyright, trademark, or similar item of intangible personal property, other than gross receipts governed by paragraph (B-7) of this item (3), are in this State to the extent the item is utilized in this State during the year the gross receipts are included in gross income.

(ii) Place of utilization.

(I) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state. If a patent is utilized in more than one state, the extent to which it is utilized in any one state shall be a fraction equal to the gross receipts of the licensee or purchaser from sales or leases of items produced, fabricated, manufactured, or processed within that state using the patent and of patented items produced within that state, divided by the total of such gross receipts for all states in which the patent is utilized.

(II) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If a copyright is utilized in more than one state, the extent to which it is utilized in any one state shall be a

fraction equal to the gross receipts from sales or licenses of materials printed or published in that state divided by the total of such gross receipts for all states in which the copyright is utilized.

(III) Trademarks and other items of intangible personal property governed by this paragraph (B-1) are utilized in the state in which the commercial domicile of the licensee or purchaser is located.

(iii) If the state of utilization of an item of property governed by this paragraph (B-1) cannot be determined from the taxpayer's books and records or from the books and records of any person related to the taxpayer within the meaning of Section 267(b) of the Internal Revenue Code, 26 U.S.C. 267, the gross receipts attributable to that item shall be excluded from both the numerator and the denominator of the sales factor.

(B-2) Gross receipts from the license, sale, or other disposition of patents, copyrights, trademarks, and similar items of intangible personal property, other than gross receipts governed by paragraph (B-7) of this item (3), may be included in the numerator or denominator of the sales factor only if gross receipts from licenses, sales, or other disposition of such items comprise more than 50% of the taxpayer's total gross receipts included in gross income during the tax year and during each of the

2 immediately preceding tax years; provided that, when a taxpayer is a member of a unitary business group, such determination shall be made on the basis of the gross receipts of the entire unitary business group.

(B-5) For taxable years ending on or after December 31, 2008, except as provided in subsections (ii) through (vii), receipts from the sale of telecommunications service or mobile telecommunications service are in this State if the customer's service address is in this State.

(i) For purposes of this subparagraph (B-5), the following terms have the following meanings:

"Ancillary services" means services that are associated with or incidental to the provision of "telecommunications services", including, but not limited to, "detailed telecommunications billing", "directory assistance", "vertical service", and "voice mail services".

"Air-to-Ground Radiotelephone service" means a radio service, as that term is defined in 47 CFR 22.99, in which common carriers are authorized to offer and provide radio telecommunications service for hire to subscribers in aircraft.

"Call-by-call Basis" means any method of charging for telecommunications services where the price is measured by individual calls.

"Communications Channel" means a physical or

virtual path of communications over which signals are transmitted between or among customer channel termination points.

"Conference bridging service" means an "ancillary service" that links two or more participants of an audio or video conference call and may include the provision of a telephone number. "Conference bridging service" does not include the "telecommunications services" used to reach the conference bridge.

"Customer Channel Termination Point" means the location where the customer either inputs or receives the communications.

"Detailed telecommunications billing service" means an "ancillary service" of separately stating information pertaining to individual calls on a customer's billing statement.

"Directory assistance" means an "ancillary service" of providing telephone number information, and/or address information.

"Home service provider" means the facilities based carrier or reseller with which the customer contracts for the provision of mobile telecommunications services.

"Mobile telecommunications service" means commercial mobile radio service, as defined in Section 20.3 of Title 47 of the Code of Federal Regulations as

in effect on June 1, 1999.

"Place of primary use" means the street address representative of where the customer's use of the telecommunications service primarily occurs, which must be the residential street address or the primary business street address of the customer. In the case of mobile telecommunications services, "place of primary use" must be within the licensed service area of the home service provider.

"Post-paid telecommunication service" means the telecommunications service obtained by making a payment on a call-by-call basis either through the use of a credit card or payment mechanism such as a bank card, travel card, credit card, or debit card, or by charge made to a telephone number which is not associated with the origination or termination of the telecommunications service. A post-paid calling service includes telecommunications service, except a prepaid wireless calling service, that would be a prepaid calling service except it is not exclusively a telecommunication service.

"Prepaid telecommunication service" means the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or

electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount.

"Prepaid Mobile telecommunication service" means a telecommunications service that provides the right to utilize mobile wireless service as well as other non-telecommunication services, including, but not limited to, ancillary services, which must be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount.

"Private communication service" means a telecommunication service that entitles the customer to exclusive or priority use of a communications channel or group of channels between or among termination points, regardless of the manner in which such channel or channels are connected, and includes switching capacity, extension lines, stations, and any other associated services that are provided in connection with the use of such channel or channels.

"Service address" means:

(a) The location of the telecommunications equipment to which a customer's call is charged and from which the call originates or terminates, regardless of where the call is billed or paid;

(b) If the location in line (a) is not known,

service address means the origination point of the signal of the telecommunications services first identified by either the seller's telecommunications system or in information received by the seller from its service provider where the system used to transport such signals is not that of the seller; and

(c) If the locations in line (a) and line (b) are not known, the service address means the location of the customer's place of primary use.

"Telecommunications service" means the electronic transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points. The term "telecommunications service" includes such transmission, conveyance, or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such service is referred to as voice over Internet protocol services or is classified by the Federal Communications Commission as enhanced or value added. "Telecommunications service" does not include:

(a) Data processing and information services that allow data to be generated, acquired, stored, processed, or retrieved and delivered by an

electronic transmission to a purchaser when such purchaser's primary purpose for the underlying transaction is the processed data or information;

(b) Installation or maintenance of wiring or equipment on a customer's premises;

(c) Tangible personal property;

(d) Advertising, including, but not limited to, directory advertising;

(e) Billing and collection services provided to third parties;

(f) Internet access service;

(g) Radio and television audio and video programming services, regardless of the medium, including the furnishing of transmission, conveyance and routing of such services by the programming service provider. Radio and television audio and video programming services shall include, but not be limited to, cable service as defined in 47 USC 522(6) and audio and video programming services delivered by commercial mobile radio service providers, as defined in 47 CFR 20.3;

(h) "Ancillary services"; or

(i) Digital products "delivered electronically", including, but not limited to, software, music, video, reading materials or

ringtones ~~ring tones~~.

"Vertical service" means an "ancillary service" that is offered in connection with one or more "telecommunications services", which offers advanced calling features that allow customers to identify callers and to manage multiple calls and call connections, including "conference bridging services".

"Voice mail service" means an "ancillary service" that enables the customer to store, send or receive recorded messages. "Voice mail service" does not include any "vertical services" that the customer may be required to have in order to utilize the "voice mail service".

(ii) Receipts from the sale of telecommunications service sold on an individual call-by-call basis are in this State if either of the following applies:

(a) The call both originates and terminates in this State.

(b) The call either originates or terminates in this State and the service address is located in this State.

(iii) Receipts from the sale of postpaid telecommunications service at retail are in this State if the origination point of the telecommunication signal, as first identified by the service provider's telecommunication system or as identified by

information received by the seller from its service provider if the system used to transport telecommunication signals is not the seller's, is located in this State.

(iv) Receipts from the sale of prepaid telecommunications service or prepaid mobile telecommunications service at retail are in this State if the purchaser obtains the prepaid card or similar means of conveyance at a location in this State. Receipts from recharging a prepaid telecommunications service or mobile telecommunications service is in this State if the purchaser's billing information indicates a location in this State.

(v) Receipts from the sale of private communication services are in this State as follows:

(a) 100% of receipts from charges imposed at each channel termination point in this State.

(b) 100% of receipts from charges for the total channel mileage between each channel termination point in this State.

(c) 50% of the total receipts from charges for service segments when those segments are between 2 customer channel termination points, 1 of which is located in this State and the other is located outside of this State, which segments are separately charged.

(d) The receipts from charges for service segments with a channel termination point located in this State and in two or more other states, and which segments are not separately billed, are in this State based on a percentage determined by dividing the number of customer channel termination points in this State by the total number of customer channel termination points.

(vi) Receipts from charges for ancillary services for telecommunications service sold to customers at retail are in this State if the customer's primary place of use of telecommunications services associated with those ancillary services is in this State. If the seller of those ancillary services cannot determine where the associated telecommunications are located, then the ancillary services shall be based on the location of the purchaser.

(vii) Receipts to access a carrier's network or from the sale of telecommunication services or ancillary services for resale are in this State as follows:

(a) 100% of the receipts from access fees attributable to intrastate telecommunications service that both originates and terminates in this State.

(b) 50% of the receipts from access fees

attributable to interstate telecommunications service if the interstate call either originates or terminates in this State.

(c) 100% of the receipts from interstate end user access line charges, if the customer's service address is in this State. As used in this subdivision, "interstate end user access line charges" includes, but is not limited to, the surcharge approved by the federal communications commission and levied pursuant to 47 CFR 69.

(d) Gross receipts from sales of telecommunication services or from ancillary services for telecommunications services sold to other telecommunication service providers for resale shall be sourced to this State using the apportionment concepts used for non-resale receipts of telecommunications services if the information is readily available to make that determination. If the information is not readily available, then the taxpayer may use any other reasonable and consistent method.

(B-7) For taxable years ending on or after December 31, 2008, receipts from the sale of broadcasting services are in this State if the broadcasting services are received in this State. For purposes of this paragraph (B-7), the following terms have the following meanings:

"Advertising revenue" means consideration received by the taxpayer in exchange for broadcasting services or allowing the broadcasting of commercials or announcements in connection with the broadcasting of film or radio programming, from sponsorships of the programming, or from product placements in the programming.

"Audience factor" means the ratio that the audience or subscribers located in this State of a station, a network, or a cable system bears to the total audience or total subscribers for that station, network, or cable system. The audience factor for film or radio programming shall be determined by reference to the books and records of the taxpayer or by reference to published rating statistics provided the method used by the taxpayer is consistently used from year to year for this purpose and fairly represents the taxpayer's activity in this State.

"Broadcast" or "broadcasting" or "broadcasting services" means the transmission or provision of film or radio programming, whether through the public airwaves, by cable, by direct or indirect satellite transmission, or by any other means of communication, either through a station, a network, or a cable system.

"Film" or "film programming" means the broadcast

on television of any and all performances, events, or productions, including, but not limited to, news, sporting events, plays, stories, or other literary, commercial, educational, or artistic works, either live or through the use of video tape, disc, or any other type of format or medium. Each episode of a series of films produced for television shall constitute a separate "film" notwithstanding that the series relates to the same principal subject and is produced during one or more tax periods.

"Radio" or "radio programming" means the broadcast on radio of any and all performances, events, or productions, including, but not limited to, news, sporting events, plays, stories, or other literary, commercial, educational, or artistic works, either live or through the use of an audio tape, disc, or any other format or medium. Each episode in a series of radio programming produced for radio broadcast shall constitute a separate "radio programming" notwithstanding that the series relates to the same principal subject and is produced during one or more tax periods.

(i) In the case of advertising revenue from broadcasting, the customer is the advertiser and the service is received in this State if the commercial domicile of the advertiser is in this

State.

(ii) In the case where film or radio programming is broadcast by a station, a network, or a cable system for a fee or other remuneration received from the recipient of the broadcast, the portion of the service that is received in this State is measured by the portion of the recipients of the broadcast located in this State. Accordingly, the fee or other remuneration for such service that is included in the Illinois numerator of the sales factor is the total of those fees or other remuneration received from recipients in Illinois. For purposes of this paragraph, a taxpayer may determine the location of the recipients of its broadcast using the address of the recipient shown in its contracts with the recipient or using the billing address of the recipient in the taxpayer's records.

(iii) In the case where film or radio programming is broadcast by a station, a network, or a cable system for a fee or other remuneration from the person providing the programming, the portion of the broadcast service that is received by such station, network, or cable system in this State is measured by the portion of recipients of the broadcast located in this State. Accordingly,

the amount of revenue related to such an arrangement that is included in the Illinois numerator of the sales factor is the total fee or other total remuneration from the person providing the programming related to that broadcast multiplied by the Illinois audience factor for that broadcast.

(iv) In the case where film or radio programming is provided by a taxpayer that is a network or station to a customer for broadcast in exchange for a fee or other remuneration from that customer the broadcasting service is received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. Accordingly, in such a case the revenue derived by the taxpayer that is included in the taxpayer's Illinois numerator of the sales factor is the revenue from such customers who receive the broadcasting service in Illinois.

(v) In the case where film or radio programming is provided by a taxpayer that is not a network or station to another person for broadcasting in exchange for a fee or other remuneration from that person, the broadcasting service is received at the location of the office

of the customer from which the services were ordered in the regular course of the customer's trade or business. Accordingly, in such a case the revenue derived by the taxpayer that is included in the taxpayer's Illinois numerator of the sales factor is the revenue from such customers who receive the broadcasting service in Illinois.

(B-8) Gross receipts from winnings under the Illinois Lottery Law from the assignment of a prize under Section 13.1 of the Illinois Lottery Law are received in this State. This paragraph (B-8) applies only to taxable years ending on or after December 31, 2013.

(B-9) For taxable years ending on or after December 31, 2019, gross receipts from winnings from pari-mutuel wagering conducted at a wagering facility licensed under the Illinois Horse Racing Act of 1975 or from winnings from gambling games conducted on a riverboat or in a casino or organization gaming facility licensed under the Illinois Gambling Act are in this State.

(B-10) For taxable years ending on or after December 31, 2021, gross receipts from winnings from sports wagering conducted in accordance with the Sports Wagering Act are in this State.

(C) For taxable years ending before December 31, 2008, sales, other than sales governed by paragraphs (B), (B-1), (B-2), and (B-8) are in this State if:

(i) The income-producing activity is performed in this State; or

(ii) The income-producing activity is performed both within and without this State and a greater proportion of the income-producing activity is performed within this State than without this State, based on performance costs.

(C-5) For taxable years ending on or after December 31, 2008, sales, other than sales governed by paragraphs (B), (B-1), (B-2), (B-5), and (B-7), are in this State if any of the following criteria are met:

(i) Sales from the sale or lease of real property are in this State if the property is located in this State.

(ii) Sales from the lease or rental of tangible personal property are in this State if the property is located in this State during the rental period. Sales from the lease or rental of tangible personal property that is characteristically moving property, including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are in this State to the extent that the property is used in this State.

(iii) In the case of interest, net gains (but not less than zero) and other items of income from intangible personal property, the sale is in this

State if:

(a) in the case of a taxpayer who is a dealer in the item of intangible personal property within the meaning of Section 475 of the Internal Revenue Code, the income or gain is received from a customer in this State. For purposes of this subparagraph, a customer is in this State if the customer is an individual, trust or estate who is a resident of this State and, for all other customers, if the customer's commercial domicile is in this State. Unless the dealer has actual knowledge of the residence or commercial domicile of a customer during a taxable year, the customer shall be deemed to be a customer in this State if the billing address of the customer, as shown in the records of the dealer, is in this State; or

(b) in all other cases, if the income-producing activity of the taxpayer is performed in this State or, if the income-producing activity of the taxpayer is performed both within and without this State, if a greater proportion of the income-producing activity of the taxpayer is performed within this State than in any other state, based on performance costs.

(iv) Sales of services are in this State if the

services are received in this State. For the purposes of this section, gross receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where that corporation, partnership, or trust has a fixed place of business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of business, the services shall be deemed to be received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the services shall be deemed to be received at the office of the customer to which the services are billed. If the taxpayer is not taxable in the state in which the services are received, the sale must be excluded from both the numerator and the denominator of the sales factor. The Department shall adopt rules prescribing where specific types of service are received, including, but not limited to, publishing, and utility service.

(D) For taxable years ending on or after December 31, 1995, the following items of income shall not be included in the numerator or denominator of the sales factor: dividends; amounts included under Section 78 of the

Internal Revenue Code; and Subpart F income as defined in Section 952 of the Internal Revenue Code. No inference shall be drawn from the enactment of this paragraph (D) in construing this Section for taxable years ending before December 31, 1995.

(E) Paragraphs (B-1) and (B-2) shall apply to tax years ending on or after December 31, 1999, provided that a taxpayer may elect to apply the provisions of these paragraphs to prior tax years. Such election shall be made in the form and manner prescribed by the Department, shall be irrevocable, and shall apply to all tax years; provided that, if a taxpayer's Illinois income tax liability for any tax year, as assessed under Section 903 prior to January 1, 1999, was computed in a manner contrary to the provisions of paragraphs (B-1) or (B-2), no refund shall be payable to the taxpayer for that tax year to the extent such refund is the result of applying the provisions of paragraph (B-1) or (B-2) retroactively. In the case of a unitary business group, such election shall apply to all members of such group for every tax year such group is in existence, but shall not apply to any taxpayer for any period during which that taxpayer is not a member of such group.

(b) Insurance companies.

(1) In general. Except as otherwise provided by paragraph (2), business income of an insurance company for

a taxable year shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the direct premiums written for insurance upon property or risk in this State, and the denominator of which is the direct premiums written for insurance upon property or risk everywhere. For purposes of this subsection, the term "direct premiums written" means the total amount of direct premiums written, assessments and annuity considerations as reported for the taxable year on the annual statement filed by the company with the Illinois Director of Insurance in the form approved by the National Convention of Insurance Commissioners or such other form as may be prescribed in lieu thereof.

(2) Reinsurance. If the principal source of premiums written by an insurance company consists of premiums for reinsurance accepted by it, the business income of such company shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the sum of (i) direct premiums written for insurance upon property or risk in this State, plus (ii) premiums written for reinsurance accepted in respect of property or risk in this State, and the denominator of which is the sum of (iii) direct premiums written for insurance upon property or risk everywhere, plus (iv) premiums written for reinsurance accepted in respect of property or risk everywhere. For purposes of this paragraph, premiums

written for reinsurance accepted in respect of property or risk in this State, whether or not otherwise determinable, may, at the election of the company, be determined on the basis of the proportion which premiums written for reinsurance accepted from companies commercially domiciled in Illinois bears to premiums written for reinsurance accepted from all sources, or, alternatively, in the proportion which the sum of the direct premiums written for insurance upon property or risk in this State by each ceding company from which reinsurance is accepted bears to the sum of the total direct premiums written by each such ceding company for the taxable year. The election made by a company under this paragraph for its first taxable year ending on or after December 31, 2011, shall be binding for that company for that taxable year and for all subsequent taxable years, and may be altered only with the written permission of the Department, which shall not be unreasonably withheld.

(c) Financial organizations.

(1) In general. For taxable years ending before December 31, 2008, business income of a financial organization shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is its business income from sources within this State, and the denominator of which is its business income from all sources. For the purposes of this subsection, the

business income of a financial organization from sources within this State is the sum of the amounts referred to in subparagraphs (A) through (E) following, but excluding the adjusted income of an international banking facility as determined in paragraph (2):

(A) Fees, commissions or other compensation for financial services rendered within this State;

(B) Gross profits from trading in stocks, bonds or other securities managed within this State;

(C) Dividends, and interest from Illinois customers, which are received within this State;

(D) Interest charged to customers at places of business maintained within this State for carrying debit balances of margin accounts, without deduction of any costs incurred in carrying such accounts; and

(E) Any other gross income resulting from the operation as a financial organization within this State.

In computing the amounts referred to in paragraphs (A) through (E) of this subsection, any amount received by a member of an affiliated group (determined under Section 1504(a) of the Internal Revenue Code but without reference to whether any such corporation is an "includible corporation" under Section 1504(b) of the Internal Revenue Code) from another member of such group shall be included only to the extent such amount exceeds expenses of the

recipient directly related thereto.

(2) International Banking Facility. For taxable years ending before December 31, 2008:

(A) Adjusted Income. The adjusted income of an international banking facility is its income reduced by the amount of the floor amount.

(B) Floor Amount. The floor amount shall be the amount, if any, determined by multiplying the income of the international banking facility by a fraction, not greater than one, which is determined as follows:

(i) The numerator shall be:

The average aggregate, determined on a quarterly basis, of the financial organization's loans to banks in foreign countries, to foreign domiciled borrowers (except where secured primarily by real estate) and to foreign governments and other foreign official institutions, as reported for its branches, agencies and offices within the state on its "Consolidated Report of Condition", Schedule A, Lines 2.c., 5.b., and 7.a., which was filed with the Federal Deposit Insurance Corporation and other regulatory authorities, for the year 1980, minus

The average aggregate, determined on a quarterly basis, of such loans (other than loans

of an international banking facility), as reported by the financial institution for its branches, agencies and offices within the state, on the corresponding Schedule and lines of the Consolidated Report of Condition for the current taxable year, provided, however, that in no case shall the amount determined in this clause (the subtrahend) exceed the amount determined in the preceding clause (the minuend); and

(ii) the denominator shall be the average aggregate, determined on a quarterly basis, of the international banking facility's loans to banks in foreign countries, to foreign domiciled borrowers (except where secured primarily by real estate) and to foreign governments and other foreign official institutions, which were recorded in its financial accounts for the current taxable year.

(C) Change to Consolidated Report of Condition and in Qualification. In the event the Consolidated Report of Condition which is filed with the Federal Deposit Insurance Corporation and other regulatory authorities is altered so that the information required for determining the floor amount is not found on Schedule A, lines 2.c., 5.b. and 7.a., the financial institution shall notify the Department and the Department may, by regulations or otherwise, prescribe

or authorize the use of an alternative source for such information. The financial institution shall also notify the Department should its international banking facility fail to qualify as such, in whole or in part, or should there be any amendment or change to the Consolidated Report of Condition, as originally filed, to the extent such amendment or change alters the information used in determining the floor amount.

(3) For taxable years ending on or after December 31, 2008, the business income of a financial organization shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is its gross receipts from sources in this State or otherwise attributable to this State's marketplace and the denominator of which is its gross receipts everywhere during the taxable year. "Gross receipts" for purposes of this subparagraph (3) means gross income, including net taxable gain on disposition of assets, including securities and money market instruments, when derived from transactions and activities in the regular course of the financial organization's trade or business. The following examples are illustrative:

(i) Receipts from the lease or rental of real or tangible personal property are in this State if the property is located in this State during the rental period. Receipts from the lease or rental of tangible

personal property that is characteristically moving property, including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are from sources in this State to the extent that the property is used in this State.

(ii) Interest income, commissions, fees, gains on disposition, and other receipts from assets in the nature of loans that are secured primarily by real estate or tangible personal property are from sources in this State if the security is located in this State.

(iii) Interest income, commissions, fees, gains on disposition, and other receipts from consumer loans that are not secured by real or tangible personal property are from sources in this State if the debtor is a resident of this State.

(iv) Interest income, commissions, fees, gains on disposition, and other receipts from commercial loans and installment obligations that are not secured by real or tangible personal property are from sources in this State if the proceeds of the loan are to be applied in this State. If it cannot be determined where the funds are to be applied, the income and receipts are from sources in this State if the office of the borrower from which the loan was negotiated in the regular course of business is located in this State. If the location of this office cannot be

determined, the income and receipts shall be excluded from the numerator and denominator of the sales factor.

(v) Interest income, fees, gains on disposition, service charges, merchant discount income, and other receipts from credit card receivables are from sources in this State if the card charges are regularly billed to a customer in this State.

(vi) Receipts from the performance of services, including, but not limited to, fiduciary, advisory, and brokerage services, are in this State if the services are received in this State within the meaning of subparagraph (a)(3)(C-5)(iv) of this Section.

(vii) Receipts from the issuance of travelers checks and money orders are from sources in this State if the checks and money orders are issued from a location within this State.

(viii) For tax years ending before December 31, 2024, receipts from investment assets and activities and trading assets and activities are included in the receipts factor as follows:

(1) Interest, dividends, net gains (but not less than zero) and other income from investment assets and activities from trading assets and activities shall be included in the receipts factor. Investment assets and activities and

trading assets and activities include, but are not limited to: investment securities; trading account assets; federal funds; securities purchased and sold under agreements to resell or repurchase; options; futures contracts; forward contracts; notional principal contracts such as swaps; equities; and foreign currency transactions. With respect to the investment and trading assets and activities described in subparagraphs (A) and (B) of this paragraph, the receipts factor shall include the amounts described in such subparagraphs.

(A) The receipts factor shall include the amount by which interest from federal funds sold and securities purchased under resale agreements exceeds interest expense on federal funds purchased and securities sold under repurchase agreements.

(B) The receipts factor shall include the amount by which interest, dividends, gains and other income from trading assets and activities, including, but not limited to, assets and activities in the matched book, in the arbitrage book, and foreign currency transactions, exceed amounts paid in lieu of interest, amounts paid in lieu of dividends,

and losses from such assets and activities.

(2) The numerator of the receipts factor includes interest, dividends, net gains (but not less than zero), and other income from investment assets and activities and from trading assets and activities described in paragraph (1) of this subsection that are attributable to this State.

(A) The amount of interest, dividends, net gains (but not less than zero), and other income from investment assets and activities in the investment account to be attributed to this State and included in the numerator is determined by multiplying all such income from such assets and activities by a fraction, the numerator of which is the gross income from such assets and activities which are properly assigned to a fixed place of business of the taxpayer within this State and the denominator of which is the gross income from all such assets and activities.

(B) The amount of interest from federal funds sold and purchased and from securities purchased under resale agreements and securities sold under repurchase agreements attributable to this State and included in the numerator is determined by multiplying the

amount described in subparagraph (A) of paragraph (1) of this subsection from such funds and such securities by a fraction, the numerator of which is the gross income from such funds and such securities which are properly assigned to a fixed place of business of the taxpayer within this State and the denominator of which is the gross income from all such funds and such securities.

(C) The amount of interest, dividends, gains, and other income from trading assets and activities, including, but not limited to, assets and activities in the matched book, in the arbitrage book and foreign currency transactions (but excluding amounts described in subparagraphs (A) or (B) of this paragraph), attributable to this State and included in the numerator is determined by multiplying the amount described in subparagraph (B) of paragraph (1) of this subsection by a fraction, the numerator of which is the gross income from such trading assets and activities which are properly assigned to a fixed place of business of the taxpayer within this State and the denominator of which is the gross income from all such

assets and activities.

(D) Properly assigned, for purposes of this paragraph (2) of this subsection, means the investment or trading asset or activity is assigned to the fixed place of business with which it has a preponderance of substantive contacts. An investment or trading asset or activity assigned by the taxpayer to a fixed place of business without the State shall be presumed to have been properly assigned if:

(i) the taxpayer has assigned, in the regular course of its business, such asset or activity on its records to a fixed place of business consistent with federal or state regulatory requirements;

(ii) such assignment on its records is based upon substantive contacts of the asset or activity to such fixed place of business; and

(iii) the taxpayer uses such records reflecting assignment of such assets or activities for the filing of all state and local tax returns for which an assignment of such assets or activities to a fixed place of business is required.

(E) The presumption of proper assignment

of an investment or trading asset or activity provided in subparagraph (D) of paragraph (2) of this subsection may be rebutted upon a showing by the Department, supported by a preponderance of the evidence, that the preponderance of substantive contacts regarding such asset or activity did not occur at the fixed place of business to which it was assigned on the taxpayer's records. If the fixed place of business that has a preponderance of substantive contacts cannot be determined for an investment or trading asset or activity to which the presumption in subparagraph (D) of paragraph (2) of this subsection does not apply or with respect to which that presumption has been rebutted, that asset or activity is properly assigned to the state in which the taxpayer's commercial domicile is located. For purposes of this subparagraph (E), it shall be presumed, subject to rebuttal, that taxpayer's commercial domicile is in the state of the United States or the District of Columbia to which the greatest number of employees are regularly connected with the management of the investment or trading income or out of which

they are working, irrespective of where the services of such employees are performed, as of the last day of the taxable year.

(ix) For tax years ending on or after December 31, 2024, receipts from investment assets and activities and trading assets and activities are included in the receipts factor as follows:

(1) Interest, dividends, net gains (but not less than zero), and other income from investment assets and activities from trading assets and activities shall be included in the receipts factor. Investment assets and activities and trading assets and activities include, but are not limited to the following: investment securities; trading account assets; federal funds; securities purchased and sold under agreements to resell or repurchase; options; futures contracts; forward contracts; notional principal contracts, such as swaps; equities; and foreign currency transactions. With respect to the investment and trading assets and activities described in subparagraphs (A) and (B) of this paragraph, the receipts factor shall include the amounts described in those subparagraphs.

(A) The receipts factor shall include the amount by which interest from federal funds

sold and securities purchased under resale agreements exceeds interest expense on federal funds purchased and securities sold under repurchase agreements.

(B) The receipts factor shall include the amount by which interest, dividends, gains and other income from trading assets and activities, including, but not limited to, assets and activities in the matched book, in the arbitrage book, and foreign currency transactions, exceed amounts paid in lieu of interest, amounts paid in lieu of dividends, and losses from such assets and activities.

(2) The numerator of the receipts factor includes interest, dividends, net gains (but not less than zero), and other income from investment assets and activities and from trading assets and activities described in paragraph (1) of this subsection that are attributable to this State.

(A) The amount of interest, dividends, net gains (but not less than zero), and other income from investment assets and activities in the investment account to be attributed to this State and included in the numerator is determined by multiplying all of the income from those assets and activities by a

fraction, the numerator of which is the total receipts included in the numerator pursuant to items (i) through (vii) of this subparagraph (3) and the denominator of which is all total receipts included in the denominator, other than interest, dividends, net gains (but not less than zero), and other income from investment assets and activities and trading assets and activities.

(B) The amount of interest from federal funds sold and purchased and from securities purchased under resale agreements and securities sold under repurchase agreements attributable to this State and included in the numerator is determined by multiplying the amount described in subparagraph (A) of paragraph (1) of this subsection from such funds and such securities by a fraction, the numerator of which is the total receipts included in the numerator pursuant to items (i) through (vii) of this subparagraph (3) and the denominator of which is all total receipts included in the denominator, other than interest, dividends, net gains (but not less than zero), and other income from investment assets and activities and trading assets and

activities.

(C) The amount of interest, dividends, gains, and other income from trading assets and activities, including, but not limited to, assets and activities in the matched book, in the arbitrage book and foreign currency transactions (but excluding amounts described in subparagraphs (A) or (B) of this paragraph), attributable to this State and included in the numerator is determined by multiplying the amount described in subparagraph (B) of paragraph (1) of this subsection by a fraction, the numerator of which is the total receipts included in the numerator pursuant to items (i) through (vii) of this subparagraph (3) and the denominator of which is all total receipts included in the denominator, other than interest, dividends, net gains (but not less than zero), and other income from investment assets and activities and trading assets and activities.

(4) (Blank).

(5) (Blank).

(c-1) Federally regulated exchanges. For taxable years ending on or after December 31, 2012, business income of a federally regulated exchange shall, at the option of the

federally regulated exchange, be apportioned to this State by multiplying such income by a fraction, the numerator of which is its business income from sources within this State, and the denominator of which is its business income from all sources. For purposes of this subsection, the business income within this State of a federally regulated exchange is the sum of the following:

(1) Receipts attributable to transactions executed on a physical trading floor if that physical trading floor is located in this State.

(2) Receipts attributable to all other matching, execution, or clearing transactions, including without limitation receipts from the provision of matching, execution, or clearing services to another entity, multiplied by (i) for taxable years ending on or after December 31, 2012 but before December 31, 2013, 63.77%; and (ii) for taxable years ending on or after December 31, 2013, 27.54%.

(3) All other receipts not governed by subparagraphs (1) or (2) of this subsection (c-1), to the extent the receipts would be characterized as "sales in this State" under item (3) of subsection (a) of this Section.

"Federally regulated exchange" means (i) a "registered entity" within the meaning of 7 U.S.C. Section 1a(40)(A), (B), or (C), (ii) an "exchange" or "clearing agency" within the meaning of 15 U.S.C. Section 78c (a)(1) or (23), (iii) any such

entities regulated under any successor regulatory structure to the foregoing, and (iv) all taxpayers who are members of the same unitary business group as a federally regulated exchange, determined without regard to the prohibition in Section 1501(a)(27) of this Act against including in a unitary business group taxpayers who are ordinarily required to apportion business income under different subsections of this Section; provided that this subparagraph (iv) shall apply only if 50% or more of the business receipts of the unitary business group determined by application of this subparagraph (iv) for the taxable year are attributable to the matching, execution, or clearing of transactions conducted by an entity described in subparagraph (i), (ii), or (iii) of this paragraph.

In no event shall the Illinois apportionment percentage computed in accordance with this subsection (c-1) for any taxpayer for any tax year be less than the Illinois apportionment percentage computed under this subsection (c-1) for that taxpayer for the first full tax year ending on or after December 31, 2013 for which this subsection (c-1) applied to the taxpayer.

(d) Transportation services. For taxable years ending before December 31, 2008, business income derived from furnishing transportation services shall be apportioned to this State in accordance with paragraphs (1) and (2):

(1) Such business income (other than that derived from transportation by pipeline) shall be apportioned to this

State by multiplying such income by a fraction, the numerator of which is the revenue miles of the person in this State, and the denominator of which is the revenue miles of the person everywhere. For purposes of this paragraph, a revenue mile is the transportation of 1 passenger or 1 net ton of freight the distance of 1 mile for a consideration. Where a person is engaged in the transportation of both passengers and freight, the fraction above referred to shall be determined by means of an average of the passenger revenue mile fraction and the freight revenue mile fraction, weighted to reflect the person's

(A) relative railway operating income from total passenger and total freight service, as reported to the Interstate Commerce Commission, in the case of transportation by railroad, and

(B) relative gross receipts from passenger and freight transportation, in case of transportation other than by railroad.

(2) Such business income derived from transportation by pipeline shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the revenue miles of the person in this State, and the denominator of which is the revenue miles of the person everywhere. For the purposes of this paragraph, a revenue mile is the transportation by pipeline of 1 barrel

of oil, 1,000 cubic feet of gas, or of any specified quantity of any other substance, the distance of 1 mile for a consideration.

(3) For taxable years ending on or after December 31, 2008, business income derived from providing transportation services other than airline services shall be apportioned to this State by using a fraction, (a) the numerator of which shall be (i) all receipts from any movement or shipment of people, goods, mail, oil, gas, or any other substance (other than by airline) that both originates and terminates in this State, plus (ii) that portion of the person's gross receipts from movements or shipments of people, goods, mail, oil, gas, or any other substance (other than by airline) that originates in one state or jurisdiction and terminates in another state or jurisdiction, that is determined by the ratio that the miles traveled in this State bears to total miles everywhere and (b) the denominator of which shall be all revenue derived from the movement or shipment of people, goods, mail, oil, gas, or any other substance (other than by airline). Where a taxpayer is engaged in the transportation of both passengers and freight, the fraction above referred to shall first be determined separately for passenger miles and freight miles. Then an average of the passenger miles fraction and the freight miles fraction shall be weighted to reflect the

taxpayer's:

(A) relative railway operating income from total passenger and total freight service, as reported to the Surface Transportation Board, in the case of transportation by railroad; and

(B) relative gross receipts from passenger and freight transportation, in case of transportation other than by railroad.

(4) For taxable years ending on or after December 31, 2008, business income derived from furnishing airline transportation services shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the revenue miles of the person in this State, and the denominator of which is the revenue miles of the person everywhere. For purposes of this paragraph, a revenue mile is the transportation of one passenger or one net ton of freight the distance of one mile for a consideration. If a person is engaged in the transportation of both passengers and freight, the fraction above referred to shall be determined by means of an average of the passenger revenue mile fraction and the freight revenue mile fraction, weighted to reflect the person's relative gross receipts from passenger and freight airline transportation.

(e) Combined apportionment. Where 2 or more persons are engaged in a unitary business as described in subsection

(a)(27) of Section 1501, a part of which is conducted in this State by one or more members of the group, the business income attributable to this State by any such member or members shall be apportioned by means of the combined apportionment method. For purposes of applying this Section, for tax years ending on or after December 31, 2025, sales of each member of the unitary business group, as defined in paragraph (27) of subsection (a) of Section 1501, who is not a taxpayer, as defined in paragraph (24) of subsection (a) Section 1501, shall be determined based upon the apportionment rules applicable to the member and shall be aggregated. Each taxpayer member of the unitary business group shall include in its sales factor numerator a portion of the aggregate Illinois sales of non-taxpayer members based on a ratio, the numerator of which is that taxpayer member's Illinois sales taking into account its applicable sales factor provisions, and the denominator of which is the aggregate Illinois sales of all the taxpayer members of the group taking into account their respective sales factor provisions. In addition, if inclusion of sales in the sales factor or numerator of the sales factor depends on whether a taxpayer is considered taxable in another state within the meaning of subsection (f) of Section 303, that taxpayer shall be considered taxable in any state in which any member of its unitary business group is considered taxable under subsection (f) of Section 303.

(f) Alternative allocation. If the allocation and

apportionment provisions of subsections (a) through (e) and of subsection (h) do not, for taxable years ending before December 31, 2008, fairly represent the extent of a person's business activity in this State, or, for taxable years ending on or after December 31, 2008, fairly represent the market for the person's goods, services, or other sources of business income, the person may petition for, or the Director may, without a petition, permit or require, in respect of all or any part of the person's business activity, if reasonable:

(1) Separate accounting;

(2) The exclusion of any one or more factors;

(3) The inclusion of one or more additional factors which will fairly represent the person's business activities or market in this State; or

(4) The employment of any other method to effectuate an equitable allocation and apportionment of the person's business income.

(g) Cross-reference ~~Cross-reference~~. For allocation of business income by residents, see Section 301(a).

(h) For tax years ending on or after December 31, 1998, the apportionment factor of persons who apportion their business income to this State under subsection (a) shall be equal to:

(1) for tax years ending on or after December 31, 1998 and before December 31, 1999, 16 2/3% of the property factor plus 16 2/3% of the payroll factor plus 66 2/3% of the sales factor;

(2) for tax years ending on or after December 31, 1999 and before December 31, 2000, 8 1/3% of the property factor plus 8 1/3% of the payroll factor plus 83 1/3% of the sales factor;

(3) for tax years ending on or after December 31, 2000, the sales factor.

If, in any tax year ending on or after December 31, 1998 and before December 31, 2000, the denominator of the payroll, property, or sales factor is zero, the apportionment factor computed in paragraph (1) or (2) of this subsection for that year shall be divided by an amount equal to 100% minus the percentage weight given to each factor whose denominator is equal to zero.

(Source: P.A. 102-40, eff. 6-25-21; 102-558, eff. 8-20-21; 103-592, eff. 6-7-24; revised 10-16-24.)

Section 30-10. The Illinois Income Tax Act is amended by changing Section 203 as follows:

(35 ILCS 5/203) (from Ch. 120, par. 2-203)

Sec. 203. Base income defined.

(a) Individuals.

(1) In general. In the case of an individual, base income means an amount equal to the taxpayer's adjusted gross income for the taxable year as modified by paragraph (2).

(2) Modifications. The adjusted gross income referred to in paragraph (1) shall be modified by adding thereto the sum of the following amounts:

(A) An amount equal to all amounts paid or accrued to the taxpayer as interest or dividends during the taxable year to the extent excluded from gross income in the computation of adjusted gross income, except stock dividends of qualified public utilities described in Section 305(e) of the Internal Revenue Code;

(B) An amount equal to the amount of tax imposed by this Act to the extent deducted from gross income in the computation of adjusted gross income for the taxable year;

(C) An amount equal to the amount received during the taxable year as a recovery or refund of real property taxes paid with respect to the taxpayer's principal residence under the Revenue Act of 1939 and for which a deduction was previously taken under subparagraph (L) of this paragraph (2) prior to July 1, 1991, the retrospective application date of Article 4 of Public Act 87-17. In the case of multi-unit or multi-use structures and farm dwellings, the taxes on the taxpayer's principal residence shall be that portion of the total taxes for the entire property which is attributable to such principal residence;

(D) An amount equal to the amount of the capital gain deduction allowable under the Internal Revenue Code, to the extent deducted from gross income in the computation of adjusted gross income;

(D-5) An amount, to the extent not included in adjusted gross income, equal to the amount of money withdrawn by the taxpayer in the taxable year from a medical care savings account and the interest earned on the account in the taxable year of a withdrawal pursuant to subsection (b) of Section 20 of the Medical Care Savings Account Act or subsection (b) of Section 20 of the Medical Care Savings Account Act of 2000;

(D-10) For taxable years ending after December 31, 1997, an amount equal to any eligible remediation costs that the individual deducted in computing adjusted gross income and for which the individual claims a credit under subsection (l) of Section 201;

(D-15) For taxable years 2001 and thereafter, an amount equal to the bonus depreciation deduction taken on the taxpayer's federal income tax return for the taxable year under subsection (k) of Section 168 of the Internal Revenue Code;

(D-16) If the taxpayer sells, transfers, abandons, or otherwise disposes of property for which the taxpayer was required in any taxable year to make an

addition modification under subparagraph (D-15), then an amount equal to the aggregate amount of the deductions taken in all taxable years under subparagraph (Z) with respect to that property.

If the taxpayer continues to own property through the last day of the last tax year for which a subtraction is allowed with respect to that property under subparagraph (Z) and for which the taxpayer was allowed in any taxable year to make a subtraction modification under subparagraph (Z), then an amount equal to that subtraction modification.

The taxpayer is required to make the addition modification under this subparagraph only once with respect to any one piece of property;

(D-17) An amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that foreign person's business activity outside the United States is 80% or more of the foreign person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited

under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income under Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the interest was paid, accrued, or incurred. For taxable years ending on and after December 31, 2025, for purposes of applying this paragraph in the case of a taxpayer to which Section 163(j) of the Internal Revenue Code applies for the taxable year, the reduction in the amount of interest for which a deduction is allowed by reason of Section 163(j) shall be treated as allocable first to persons who are not foreign persons referred to in this paragraph and then to such foreign persons.

For taxable years ending before December 31, 2025, this ~~This~~ paragraph shall not apply to the following:

(i) an item of interest paid, accrued, or

incurred, directly or indirectly, to a person who is subject in a foreign country or state, other than a state which requires mandatory unitary reporting, to a tax on or measured by net income with respect to such interest; or

(ii) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person, during the same taxable year, paid, accrued, or incurred, the interest to a person that is not a related member, and

(b) the transaction giving rise to the interest expense between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects an arm's-length interest rate and terms; or

(iii) the taxpayer can establish, based on clear and convincing evidence, that the interest paid, accrued, or incurred relates to a contract or agreement entered into at arm's-length rates and terms and the principal purpose for the payment is not federal or Illinois tax avoidance;

or

(iv) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer establishes by clear and convincing evidence that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f).

For taxable years ending on or after December 31, 2025, this paragraph shall not apply to the following:

(i) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person, during the same taxable year, paid, accrued, or incurred, the interest to a person that is not a related member, and

(b) the transaction giving rise to the interest expense between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax and is paid pursuant to a contract or agreement that reflects an arm's-length interest rate and terms; or

(ii) an item of interest paid, accrued, or

incurred, directly or indirectly, to a person if the taxpayer establishes by clear and convincing evidence that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f).

Nothing in this subsection shall preclude the Director from making any other adjustment otherwise allowed under Section 404 of this Act for any tax year beginning after the effective date of this amendment provided such adjustment is made pursuant to regulation adopted by the Department and such regulations provide methods and standards by which the Department will utilize its authority under Section 404 of this Act;

(D-18) An amount equal to the amount of intangible expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of

the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income under Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the intangible expenses and costs were directly or indirectly paid, incurred, or accrued. The preceding sentence does not apply to the extent that the same dividends caused a reduction to the addition modification required under Section 203(a)(2)(D-17) of this Act. As used in this subparagraph, the term "intangible expenses and costs" includes (1) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property; (2) losses incurred, directly or

indirectly, from factoring transactions or discounting transactions; (3) royalty, patent, technical, and copyright fees; (4) licensing fees; and (5) other similar expenses and costs. For purposes of this subparagraph, "intangible property" includes patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

For taxable years ending before December 31, 2025, this ~~This~~ paragraph shall not apply to the following:

(i) any item of intangible expenses or costs paid, accrued, or incurred, directly or indirectly, from a transaction with a person who is subject in a foreign country or state, other than a state which requires mandatory unitary reporting, to a tax on or measured by net income with respect to such item; or

(ii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person during the same taxable year paid, accrued, or incurred, the intangible expense or cost to a person that is not a related member, and

(b) the transaction giving rise to the intangible expense or cost between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects arm's-length terms; or

(iii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, from a transaction with a person if the taxpayer establishes by clear and convincing evidence, that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f);

For taxable years ending on or after December 31, 2025, this paragraph shall not apply to the following:

(i) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person during the same taxable year paid, accrued, or incurred, the intangible expense or cost to a person that is

not a related member, and

(b) the transaction giving rise to the intangible expense or cost between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects arm's-length terms; or

(ii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, from a transaction with a person if the taxpayer establishes by clear and convincing evidence, that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f).

Nothing in this subsection shall preclude the Director from making any other adjustment otherwise allowed under Section 404 of this Act for any tax year beginning after the effective date of this amendment provided such adjustment is made pursuant to regulation adopted by the Department and such regulations provide methods and standards by which the Department will utilize its authority under Section 404 of this Act;

(D-19) For taxable years ending on or after December 31, 2008, an amount equal to the amount of insurance premium expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income under Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the premiums and costs were directly or indirectly paid, incurred, or accrued. The preceding sentence does not apply to the extent that the same dividends caused a reduction to the addition modification required under Section 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this

Act;

(D-20) For taxable years beginning on or after January 1, 2002 and ending on or before December 31, 2006, in the case of a distribution from a qualified tuition program under Section 529 of the Internal Revenue Code, other than (i) a distribution from a College Savings Pool created under Section 16.5 of the State Treasurer Act or (ii) a distribution from the Illinois Prepaid Tuition Trust Fund, an amount equal to the amount excluded from gross income under Section 529(c)(3)(B). For taxable years beginning on or after January 1, 2007, in the case of a distribution from a qualified tuition program under Section 529 of the Internal Revenue Code, other than (i) a distribution from a College Savings Pool created under Section 16.5 of the State Treasurer Act, (ii) a distribution from the Illinois Prepaid Tuition Trust Fund, or (iii) a distribution from a qualified tuition program under Section 529 of the Internal Revenue Code that (I) adopts and determines that its offering materials comply with the College Savings Plans Network's disclosure principles and (II) has made reasonable efforts to inform in-state residents of the existence of in-state qualified tuition programs by informing Illinois residents directly and, where applicable, to inform financial intermediaries distributing the

program to inform in-state residents of the existence of in-state qualified tuition programs at least annually, an amount equal to the amount excluded from gross income under Section 529(c)(3)(B).

For the purposes of this subparagraph (D-20), a qualified tuition program has made reasonable efforts if it makes disclosures (which may use the term "in-state program" or "in-state plan" and need not specifically refer to Illinois or its qualified programs by name) (i) directly to prospective participants in its offering materials or makes a public disclosure, such as a website posting; and (ii) where applicable, to intermediaries selling the out-of-state program in the same manner that the out-of-state program distributes its offering materials;

(D-20.5) For taxable years beginning on or after January 1, 2018, in the case of a distribution from a qualified ABLE program under Section 529A of the Internal Revenue Code, other than a distribution from a qualified ABLE program created under Section 16.6 of the State Treasurer Act, an amount equal to the amount excluded from gross income under Section 529A(c)(1)(B) of the Internal Revenue Code;

(D-21) For taxable years beginning on or after January 1, 2007, in the case of transfer of moneys from

a qualified tuition program under Section 529 of the Internal Revenue Code that is administered by the State to an out-of-state program, an amount equal to the amount of moneys previously deducted from base income under subsection (a)(2)(Y) of this Section;

(D-21.5) For taxable years beginning on or after January 1, 2018, in the case of the transfer of moneys from a qualified tuition program under Section 529 or a qualified ABLE program under Section 529A of the Internal Revenue Code that is administered by this State to an ABLE account established under an out-of-state ABLE account program, an amount equal to the contribution component of the transferred amount that was previously deducted from base income under subsection (a)(2)(Y) or subsection (a)(2)(HH) of this Section;

(D-22) For taxable years beginning on or after January 1, 2009, and prior to January 1, 2018, in the case of a nonqualified withdrawal or refund of moneys from a qualified tuition program under Section 529 of the Internal Revenue Code administered by the State that is not used for qualified expenses at an eligible education institution, an amount equal to the contribution component of the nonqualified withdrawal or refund that was previously deducted from base income under subsection (a)(2)(y) of this Section,

provided that the withdrawal or refund did not result from the beneficiary's death or disability. For taxable years beginning on or after January 1, 2018: (1) in the case of a nonqualified withdrawal or refund, as defined under Section 16.5 of the State Treasurer Act, of moneys from a qualified tuition program under Section 529 of the Internal Revenue Code administered by the State, an amount equal to the contribution component of the nonqualified withdrawal or refund that was previously deducted from base income under subsection (a)(2)(Y) of this Section, and (2) in the case of a nonqualified withdrawal or refund from a qualified ABLE program under Section 529A of the Internal Revenue Code administered by the State that is not used for qualified disability expenses, an amount equal to the contribution component of the nonqualified withdrawal or refund that was previously deducted from base income under subsection (a)(2)(HH) of this Section;

(D-23) An amount equal to the credit allowable to the taxpayer under Section 218(a) of this Act, determined without regard to Section 218(c) of this Act;

(D-24) For taxable years ending on or after December 31, 2017, an amount equal to the deduction allowed under Section 199 of the Internal Revenue Code

for the taxable year;

(D-25) In the case of a resident, an amount equal to the amount of tax for which a credit is allowed pursuant to Section 201(p)(7) of this Act;

and by deducting from the total so obtained the sum of the following amounts:

(E) For taxable years ending before December 31, 2001, any amount included in such total in respect of any compensation (including but not limited to any compensation paid or accrued to a serviceman while a prisoner of war or missing in action) paid to a resident by reason of being on active duty in the Armed Forces of the United States and in respect of any compensation paid or accrued to a resident who as a governmental employee was a prisoner of war or missing in action, and in respect of any compensation paid to a resident in 1971 or thereafter for annual training performed pursuant to Sections 502 and 503, Title 32, United States Code as a member of the Illinois National Guard or, beginning with taxable years ending on or after December 31, 2007, the National Guard of any other state. For taxable years ending on or after December 31, 2001, any amount included in such total in respect of any compensation (including but not limited to any compensation paid or accrued to a serviceman while a prisoner of war or missing in

action) paid to a resident by reason of being a member of any component of the Armed Forces of the United States and in respect of any compensation paid or accrued to a resident who as a governmental employee was a prisoner of war or missing in action, and in respect of any compensation paid to a resident in 2001 or thereafter by reason of being a member of the Illinois National Guard or, beginning with taxable years ending on or after December 31, 2007, the National Guard of any other state. The provisions of this subparagraph (E) are exempt from the provisions of Section 250;

(F) An amount equal to all amounts included in such total pursuant to the provisions of Sections 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the Internal Revenue Code, or included in such total as distributions under the provisions of any retirement or disability plan for employees of any governmental agency or unit, or retirement payments to retired partners, which payments are excluded in computing net earnings from self employment by Section 1402 of the Internal Revenue Code and regulations adopted pursuant thereto;

(G) The valuation limitation amount;

(H) An amount equal to the amount of any tax imposed by this Act which was refunded to the taxpayer

and included in such total for the taxable year;

(I) An amount equal to all amounts included in such total pursuant to the provisions of Section 111 of the Internal Revenue Code as a recovery of items previously deducted from adjusted gross income in the computation of taxable income;

(J) An amount equal to those dividends included in such total which were paid by a corporation which conducts business operations in a River Edge Redevelopment Zone or zones created under the River Edge Redevelopment Zone Act, and conducts substantially all of its operations in a River Edge Redevelopment Zone or zones. This subparagraph (J) is exempt from the provisions of Section 250;

(K) An amount equal to those dividends included in such total that were paid by a corporation that conducts business operations in a federally designated Foreign Trade Zone or Sub-Zone and that is designated a High Impact Business located in Illinois; provided that dividends eligible for the deduction provided in subparagraph (J) of paragraph (2) of this subsection shall not be eligible for the deduction provided under this subparagraph (K);

(L) For taxable years ending after December 31, 1983, an amount equal to all social security benefits and railroad retirement benefits included in such

total pursuant to Sections 72(r) and 86 of the Internal Revenue Code;

(M) With the exception of any amounts subtracted under subparagraph (N), an amount equal to the sum of all amounts disallowed as deductions by (i) Sections 171(a)(2) and 265(a)(2) of the Internal Revenue Code, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(a)(1) of the Internal Revenue Code; and (ii) for taxable years ending on or after August 13, 1999, Sections 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the Internal Revenue Code, plus, for taxable years ending on or after December 31, 2011, Section 45G(e)(3) of the Internal Revenue Code and, for taxable years ending on or after December 31, 2008, any amount included in gross income under Section 87 of the Internal Revenue Code; the provisions of this subparagraph are exempt from the provisions of Section 250;

(N) An amount equal to all amounts included in such total which are exempt from taxation by this State either by reason of its statutes or Constitution or by reason of the Constitution, treaties or statutes of the United States; provided that, in the case of any statute of this State that exempts income derived from bonds or other obligations from the tax imposed under

this Act, the amount exempted shall be the interest net of bond premium amortization;

(O) An amount equal to any contribution made to a job training project established pursuant to the Tax Increment Allocation Redevelopment Act;

(P) An amount equal to the amount of the deduction used to compute the federal income tax credit for restoration of substantial amounts held under claim of right for the taxable year pursuant to Section 1341 of the Internal Revenue Code or of any itemized deduction taken from adjusted gross income in the computation of taxable income for restoration of substantial amounts held under claim of right for the taxable year;

(Q) An amount equal to any amounts included in such total, received by the taxpayer as an acceleration in the payment of life, endowment or annuity benefits in advance of the time they would otherwise be payable as an indemnity for a terminal illness;

(R) An amount equal to the amount of any federal or State bonus paid to veterans of the Persian Gulf War;

(S) An amount, to the extent included in adjusted gross income, equal to the amount of a contribution made in the taxable year on behalf of the taxpayer to a medical care savings account established under the Medical Care Savings Account Act or the Medical Care

Savings Account Act of 2000 to the extent the contribution is accepted by the account administrator as provided in that Act;

(T) An amount, to the extent included in adjusted gross income, equal to the amount of interest earned in the taxable year on a medical care savings account established under the Medical Care Savings Account Act or the Medical Care Savings Account Act of 2000 on behalf of the taxpayer, other than interest added pursuant to item (D-5) of this paragraph (2);

(U) For one taxable year beginning on or after January 1, 1994, an amount equal to the total amount of tax imposed and paid under subsections (a) and (b) of Section 201 of this Act on grant amounts received by the taxpayer under the Nursing Home Grant Assistance Act during the taxpayer's taxable years 1992 and 1993;

(V) Beginning with tax years ending on or after December 31, 1995 and ending with tax years ending on or before December 31, 2004, an amount equal to the amount paid by a taxpayer who is a self-employed taxpayer, a partner of a partnership, or a shareholder in a Subchapter S corporation for health insurance or long-term care insurance for that taxpayer or that taxpayer's spouse or dependents, to the extent that the amount paid for that health insurance or long-term care insurance may be deducted under Section 213 of

the Internal Revenue Code, has not been deducted on the federal income tax return of the taxpayer, and does not exceed the taxable income attributable to that taxpayer's income, self-employment income, or Subchapter S corporation income; except that no deduction shall be allowed under this item (V) if the taxpayer is eligible to participate in any health insurance or long-term care insurance plan of an employer of the taxpayer or the taxpayer's spouse. The amount of the health insurance and long-term care insurance subtracted under this item (V) shall be determined by multiplying total health insurance and long-term care insurance premiums paid by the taxpayer times a number that represents the fractional percentage of eligible medical expenses under Section 213 of the Internal Revenue Code of 1986 not actually deducted on the taxpayer's federal income tax return;

(W) For taxable years beginning on or after January 1, 1998, all amounts included in the taxpayer's federal gross income in the taxable year from amounts converted from a regular IRA to a Roth IRA. This paragraph is exempt from the provisions of Section 250;

(X) For taxable year 1999 and thereafter, an amount equal to the amount of any (i) distributions, to the extent includible in gross income for federal

income tax purposes, made to the taxpayer because of his or her status as a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime or as an heir of the victim and (ii) items of income, to the extent includible in gross income for federal income tax purposes, attributable to, derived from or in any way related to assets stolen from, hidden from, or otherwise lost to a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime immediately prior to, during, and immediately after World War II, including, but not limited to, interest on the proceeds receivable as insurance under policies issued to a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime by European insurance companies immediately prior to and during World War II; provided, however, this subtraction from federal adjusted gross income does not apply to assets acquired with such assets or with the proceeds from the sale of such assets; provided, further, this paragraph shall only apply to a taxpayer who was the first recipient of such assets after their recovery and who is a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime or as an heir of the victim. The amount of and the eligibility for any public assistance, benefit, or

similar entitlement is not affected by the inclusion of items (i) and (ii) of this paragraph in gross income for federal income tax purposes. This paragraph is exempt from the provisions of Section 250;

(Y) For taxable years beginning on or after January 1, 2002 and ending on or before December 31, 2004, moneys contributed in the taxable year to a College Savings Pool account under Section 16.5 of the State Treasurer Act, except that amounts excluded from gross income under Section 529(c)(3)(C)(i) of the Internal Revenue Code shall not be considered moneys contributed under this subparagraph (Y). For taxable years beginning on or after January 1, 2005, a maximum of $10,000 contributed in the taxable year to (i) a College Savings Pool account under Section 16.5 of the State Treasurer Act or (ii) the Illinois Prepaid Tuition Trust Fund, except that amounts excluded from gross income under Section 529(c)(3)(C)(i) of the Internal Revenue Code shall not be considered moneys contributed under this subparagraph (Y). For purposes of this subparagraph, contributions made by an employer on behalf of an employee, or matching contributions made by an employee, shall be treated as made by the employee. This subparagraph (Y) is exempt from the provisions of Section 250;

(Z) For taxable years 2001 and thereafter, for the

taxable year in which the bonus depreciation deduction is taken on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code and for each applicable taxable year thereafter, an amount equal to "x", where:

(1) "y" equals the amount of the depreciation deduction taken for the taxable year on the taxpayer's federal income tax return on property for which the bonus depreciation deduction was taken in any year under subsection (k) of Section 168 of the Internal Revenue Code, but not including the bonus depreciation deduction;

(2) for taxable years ending on or before December 31, 2005, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429); and

(3) for taxable years ending after December 31, 2005:

(i) for property on which a bonus depreciation deduction of 30% of the adjusted basis was taken, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429);

(ii) for property on which a bonus depreciation deduction of 50% of the adjusted basis was taken, "x" equals "y" multiplied by

1.0;

(iii) for property on which a bonus depreciation deduction of 100% of the adjusted basis was taken in a taxable year ending on or after December 31, 2021, "x" equals the depreciation deduction that would be allowed on that property if the taxpayer had made the election under Section 168(k)(7) of the Internal Revenue Code to not claim bonus depreciation on that property; and

(iv) for property on which a bonus depreciation deduction of a percentage other than 30%, 50% or 100% of the adjusted basis was taken in a taxable year ending on or after December 31, 2021, "x" equals "y" multiplied by 100 times the percentage bonus depreciation on the property (that is, 100(bonus%)) and then divided by 100 times 1 minus the percentage bonus depreciation on the property (that is, 100(1-bonus%)).

The aggregate amount deducted under this subparagraph in all taxable years for any one piece of property may not exceed the amount of the bonus depreciation deduction taken on that property on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code. This

subparagraph (Z) is exempt from the provisions of Section 250;

(AA) If the taxpayer sells, transfers, abandons, or otherwise disposes of property for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (D-15), then an amount equal to that addition modification.

If the taxpayer continues to own property through the last day of the last tax year for which a subtraction is allowed with respect to that property under subparagraph (Z) and for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (D-15), then an amount equal to that addition modification.

The taxpayer is allowed to take the deduction under this subparagraph only once with respect to any one piece of property.

This subparagraph (AA) is exempt from the provisions of Section 250;

(BB) Any amount included in adjusted gross income, other than salary, received by a driver in a ridesharing arrangement using a motor vehicle;

(CC) The amount of (i) any interest income (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition

modification with respect to such transaction under Section 203(a)(2)(D-17), 203(b)(2)(E-12), 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed the amount of that addition modification, and (ii) any income from intangible property (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or 203(d)(2)(D-8), but not to exceed the amount of that addition modification. This subparagraph (CC) is exempt from the provisions of Section 250;

(DD) An amount equal to the interest income taken into account for the taxable year (net of the deductions allocable thereto) with respect to transactions with (i) a foreign person who would be a member of the taxpayer's unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or

she is ordinarily required to apportion business income under different subsections of Section 304, but not to exceed the addition modification required to be made for the same taxable year under Section 203(a)(2)(D-17) for interest paid, accrued, or incurred, directly or indirectly, to the same person. This subparagraph (DD) is exempt from the provisions of Section 250;

(EE) An amount equal to the income from intangible property taken into account for the taxable year (net of the deductions allocable thereto) with respect to transactions with (i) a foreign person who would be a member of the taxpayer's unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304, but not to exceed the addition modification required to be made for the same taxable year under Section 203(a)(2)(D-18) for intangible expenses and costs

paid, accrued, or incurred, directly or indirectly, to the same foreign person. This subparagraph (EE) is exempt from the provisions of Section 250;

(FF) An amount equal to any amount awarded to the taxpayer during the taxable year by the Court of Claims under subsection (c) of Section 8 of the Court of Claims Act for time unjustly served in a State prison. This subparagraph (FF) is exempt from the provisions of Section 250;

(GG) For taxable years ending on or after December 31, 2011, in the case of a taxpayer who was required to add back any insurance premiums under Section 203(a)(2)(D-19), such taxpayer may elect to subtract that part of a reimbursement received from the insurance company equal to the amount of the expense or loss (including expenses incurred by the insurance company) that would have been taken into account as a deduction for federal income tax purposes if the expense or loss had been uninsured. If a taxpayer makes the election provided for by this subparagraph (GG), the insurer to which the premiums were paid must add back to income the amount subtracted by the taxpayer pursuant to this subparagraph (GG). This subparagraph (GG) is exempt from the provisions of Section 250;

(HH) For taxable years beginning on or after

January 1, 2018 and prior to January 1, 2028, a maximum of $10,000 contributed in the taxable year to a qualified ABLE account under Section 16.6 of the State Treasurer Act, except that amounts excluded from gross income under Section 529(c)(3)(C)(i) or Section 529A(c)(1)(C) of the Internal Revenue Code shall not be considered moneys contributed under this subparagraph (HH). For purposes of this subparagraph (HH), contributions made by an employer on behalf of an employee, or matching contributions made by an employee, shall be treated as made by the employee;

(II) For taxable years that begin on or after January 1, 2021 and begin before January 1, 2026, the amount that is included in the taxpayer's federal adjusted gross income pursuant to Section 61 of the Internal Revenue Code as discharge of indebtedness attributable to student loan forgiveness and that is not excluded from the taxpayer's federal adjusted gross income pursuant to paragraph (5) of subsection (f) of Section 108 of the Internal Revenue Code;

(JJ) For taxable years beginning on or after January 1, 2023, for any cannabis establishment operating in this State and licensed under the Cannabis Regulation and Tax Act or any cannabis cultivation center or medical cannabis dispensing organization operating in this State and licensed

under the Compassionate Use of Medical Cannabis Program Act, an amount equal to the deductions that were disallowed under Section 280E of the Internal Revenue Code for the taxable year and that would not be added back under this subsection. The provisions of this subparagraph (JJ) are exempt from the provisions of Section 250; ~~and~~

(KK) To the extent includible in gross income for federal income tax purposes, any amount awarded or paid to the taxpayer as a result of a judgment or settlement for fertility fraud as provided in Section 15 of the Illinois Fertility Fraud Act, donor fertility fraud as provided in Section 20 of the Illinois Fertility Fraud Act, or similar action in another state; ~~and~~

(LL) For taxable years beginning on or after January 1, 2026, if the taxpayer is a qualified worker, as defined in the Workforce Development through Charitable Loan Repayment Act, an amount equal to the amount included in the taxpayer's federal adjusted gross income that is attributable to student loan repayment assistance received by the taxpayer during the taxable year from a qualified community foundation under the provisions of the Workforce Development <u>through</u> ~~Through~~ Charitable Loan Repayment Act.

This subparagraph (LL) is exempt from the provisions of Section 250; and~~.~~

(MM) ~~(LL)~~ For taxable years beginning on or after January 1, 2025, if the taxpayer is an eligible resident as defined in the Medical Debt Relief Act, an amount equal to the amount included in the taxpayer's federal adjusted gross income that is attributable to medical debt relief received by the taxpayer during the taxable year from a nonprofit medical debt relief coordinator under the provisions of the Medical Debt Relief Act. This subparagraph (MM) ~~(LL)~~ is exempt from the provisions of Section 250.

(b) Corporations.

(1) In general. In the case of a corporation, base income means an amount equal to the taxpayer's taxable income for the taxable year as modified by paragraph (2).

(2) Modifications. The taxable income referred to in paragraph (1) shall be modified by adding thereto the sum of the following amounts:

(A) An amount equal to all amounts paid or accrued to the taxpayer as interest and all distributions received from regulated investment companies during the taxable year to the extent excluded from gross income in the computation of taxable income;

(B) An amount equal to the amount of tax imposed by

this Act to the extent deducted from gross income in the computation of taxable income for the taxable year;

(C) In the case of a regulated investment company, an amount equal to the excess of (i) the net long-term capital gain for the taxable year, over (ii) the amount of the capital gain dividends designated as such in accordance with Section 852(b)(3)(C) of the Internal Revenue Code and any amount designated under Section 852(b)(3)(D) of the Internal Revenue Code, attributable to the taxable year (this amendatory Act of 1995 (Public Act 89-89) is declarative of existing law and is not a new enactment);

(D) The amount of any net operating loss deduction taken in arriving at taxable income, other than a net operating loss carried forward from a taxable year ending prior to December 31, 1986;

(E) For taxable years in which a net operating loss carryback or carryforward from a taxable year ending prior to December 31, 1986 is an element of taxable income under paragraph (1) of subsection (e) or subparagraph (E) of paragraph (2) of subsection (e), the amount by which addition modifications other than those provided by this subparagraph (E) exceeded subtraction modifications in such earlier taxable year, with the following limitations applied in the

order that they are listed:

(i) the addition modification relating to the net operating loss carried back or forward to the taxable year from any taxable year ending prior to December 31, 1986 shall be reduced by the amount of addition modification under this subparagraph (E) which related to that net operating loss and which was taken into account in calculating the base income of an earlier taxable year, and

(ii) the addition modification relating to the net operating loss carried back or forward to the taxable year from any taxable year ending prior to December 31, 1986 shall not exceed the amount of such carryback or carryforward;

For taxable years in which there is a net operating loss carryback or carryforward from more than one other taxable year ending prior to December 31, 1986, the addition modification provided in this subparagraph (E) shall be the sum of the amounts computed independently under the preceding provisions of this subparagraph (E) for each such taxable year;

(E-5) For taxable years ending after December 31, 1997, an amount equal to any eligible remediation costs that the corporation deducted in computing adjusted gross income and for which the corporation claims a credit under subsection (l) of Section 201;

(E-10) For taxable years 2001 and thereafter, an amount equal to the bonus depreciation deduction taken on the taxpayer's federal income tax return for the taxable year under subsection (k) of Section 168 of the Internal Revenue Code;

(E-11) If the taxpayer sells, transfers, abandons, or otherwise disposes of property for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (E-10), then an amount equal to the aggregate amount of the deductions taken in all taxable years under subparagraph (T) with respect to that property.

If the taxpayer continues to own property through the last day of the last tax year for which a subtraction is allowed with respect to that property under subparagraph (T) and for which the taxpayer was allowed in any taxable year to make a subtraction modification under subparagraph (T), then an amount equal to that subtraction modification.

The taxpayer is required to make the addition modification under this subparagraph only once with respect to any one piece of property;

(E-12) An amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after

December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact the foreign person's business activity outside the United States is 80% or more of the foreign person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the interest was paid, accrued, or incurred. For taxable years ending on and after December 31, 2025, for purposes of applying this paragraph in the case of a taxpayer to which Section 163(j) of the Internal Revenue Code applies for the

taxable year, the reduction in the amount of interest for which a deduction is allowed by reason of Section 163(j) shall be treated as allocable first to persons who are not foreign persons referred to in this paragraph and then to such foreign persons.

For taxable years ending before December 31, 2025, this ~~This~~ paragraph shall not apply to the following:

(i) an item of interest paid, accrued, or incurred, directly or indirectly, to a person who is subject in a foreign country or state, other than a state which requires mandatory unitary reporting, to a tax on or measured by net income with respect to such interest; or

(ii) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person, during the same taxable year, paid, accrued, or incurred, the interest to a person that is not a related member, and

(b) the transaction giving rise to the interest expense between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that

reflects an arm's-length interest rate and terms; or

(iii) the taxpayer can establish, based on clear and convincing evidence, that the interest paid, accrued, or incurred relates to a contract or agreement entered into at arm's-length rates and terms and the principal purpose for the payment is not federal or Illinois tax avoidance; or

(iv) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer establishes by clear and convincing evidence that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f).

For taxable years ending on or after December 31, 2025, this paragraph shall not apply to the following:

(i) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person, during the same taxable year, paid, accrued, or incurred, the interest to a person that is not a related member, and

(b) the transaction giving rise to the interest expense between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects an arm's-length interest rate and terms; or

(ii) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer establishes by clear and convincing evidence that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f).

Nothing in this subsection shall preclude the Director from making any other adjustment otherwise allowed under Section 404 of this Act for any tax year beginning after the effective date of this amendment provided such adjustment is made pursuant to regulation adopted by the Department and such regulations provide methods and standards by which the Department will utilize its authority under Section 404 of this Act;

(E-13) An amount equal to the amount of intangible expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or

incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the intangible expenses and costs were directly or indirectly paid, incurred, or accrued. The preceding sentence shall not apply to the extent that the same

dividends caused a reduction to the addition modification required under Section 203(b)(2)(E-12) of this Act. As used in this subparagraph, the term "intangible expenses and costs" includes (1) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property; (2) losses incurred, directly or indirectly, from factoring transactions or discounting transactions; (3) royalty, patent, technical, and copyright fees; (4) licensing fees; and (5) other similar expenses and costs. For purposes of this subparagraph, "intangible property" includes patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

For taxable years ending before December 31, 2025, this ~~This~~ paragraph shall not apply to the following:

(i) any item of intangible expenses or costs paid, accrued, or incurred, directly or indirectly, from a transaction with a person who is subject in a foreign country or state, other than a state which requires mandatory unitary reporting, to a tax on or measured by net income with respect to such item; or

(ii) any item of intangible expense or cost

paid, accrued, or incurred, directly or indirectly, if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person during the same taxable year paid, accrued, or incurred, the intangible expense or cost to a person that is not a related member, and

(b) the transaction giving rise to the intangible expense or cost between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects arm's-length terms; or

(iii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, from a transaction with a person if the taxpayer establishes by clear and convincing evidence, that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f);

For taxable years ending on or after December 31, 2025, this paragraph shall not apply to the following:

(i) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person during the same taxable year paid, accrued, or incurred, the intangible expense or cost to a person that is not a related member, and

(b) the transaction giving rise to the intangible expense or cost between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects arm's-length terms; or

(ii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, from a transaction with a person if the taxpayer establishes by clear and convincing evidence, that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f).

Nothing in this subsection shall preclude the

Director from making any other adjustment otherwise allowed under Section 404 of this Act for any tax year beginning after the effective date of this amendment provided such adjustment is made pursuant to regulation adopted by the Department and such regulations provide methods and standards by which the Department will utilize its authority under Section 404 of this Act;

(E-14) For taxable years ending on or after December 31, 2008, an amount equal to the amount of insurance premium expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income under Sections 951 through 964 of the Internal Revenue Code

and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the premiums and costs were directly or indirectly paid, incurred, or accrued. The preceding sentence does not apply to the extent that the same dividends caused a reduction to the addition modification required under Section 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this Act;

(E-15) For taxable years beginning after December 31, 2008, any deduction for dividends paid by a captive real estate investment trust that is allowed to a real estate investment trust under Section 857(b)(2)(B) of the Internal Revenue Code for dividends paid;

(E-16) An amount equal to the credit allowable to the taxpayer under Section 218(a) of this Act, determined without regard to Section 218(c) of this Act;

(E-17) For taxable years ending on or after December 31, 2017, an amount equal to the deduction allowed under Section 199 of the Internal Revenue Code for the taxable year;

(E-18) for taxable years beginning after December 31, 2018, an amount equal to the deduction allowed under Section 250(a)(1)(A) of the Internal Revenue

Code for the taxable year;

(E-19) for taxable years ending on or after June 30, 2021, an amount equal to the deduction allowed under Section 250(a)(1)(B)(i) of the Internal Revenue Code for the taxable year;

(E-20) for taxable years ending on or after June 30, 2021, an amount equal to the deduction allowed under Sections 243(e) and 245A(a) of the Internal Revenue Code for the taxable year;

(E-21) the amount that is claimed as a federal deduction when computing the taxpayer's federal taxable income for the taxable year and that is attributable to an endowment gift for which the taxpayer receives a credit under the Illinois Gives Tax Credit Act;

and by deducting from the total so obtained the sum of the following amounts:

(F) An amount equal to the amount of any tax imposed by this Act which was refunded to the taxpayer and included in such total for the taxable year;

(G) An amount equal to any amount included in such total under Section 78 of the Internal Revenue Code;

(H) In the case of a regulated investment company, an amount equal to the amount of exempt interest dividends as defined in subsection (b)(5) of Section 852 of the Internal Revenue Code, paid to shareholders

for the taxable year;

(I) With the exception of any amounts subtracted under subparagraph (J), an amount equal to the sum of all amounts disallowed as deductions by (i) Sections 171(a)(2) and 265(a)(2) and amounts disallowed as interest expense by Section 291(a)(3) of the Internal Revenue Code, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(a)(1) of the Internal Revenue Code; and (ii) for taxable years ending on or after August 13, 1999, Sections 171(a)(2), 265, 280C, 291(a)(3), and 832(b)(5)(B)(i) of the Internal Revenue Code, plus, for tax years ending on or after December 31, 2011, amounts disallowed as deductions by Section 45G(e)(3) of the Internal Revenue Code and, for taxable years ending on or after December 31, 2008, any amount included in gross income under Section 87 of the Internal Revenue Code and the policyholders' share of tax-exempt interest of a life insurance company under Section 807(a)(2)(B) of the Internal Revenue Code (in the case of a life insurance company with gross income from a decrease in reserves for the tax year) or Section 807(b)(1)(B) of the Internal Revenue Code (in the case of a life insurance company allowed a deduction for an increase in reserves for the tax year); the provisions of this subparagraph are exempt

from the provisions of Section 250;

(J) An amount equal to all amounts included in such total which are exempt from taxation by this State either by reason of its statutes or Constitution or by reason of the Constitution, treaties or statutes of the United States; provided that, in the case of any statute of this State that exempts income derived from bonds or other obligations from the tax imposed under this Act, the amount exempted shall be the interest net of bond premium amortization;

(K) An amount equal to those dividends included in such total which were paid by a corporation which conducts business operations in a River Edge Redevelopment Zone or zones created under the River Edge Redevelopment Zone Act and conducts substantially all of its operations in a River Edge Redevelopment Zone or zones. This subparagraph (K) is exempt from the provisions of Section 250;

(L) An amount equal to those dividends included in such total that were paid by a corporation that conducts business operations in a federally designated Foreign Trade Zone or Sub-Zone and that is designated a High Impact Business located in Illinois; provided that dividends eligible for the deduction provided in subparagraph (K) of paragraph 2 of this subsection shall not be eligible for the deduction provided under

this subparagraph (L);

(M) For any taxpayer that is a financial organization within the meaning of Section 304(c) of this Act, an amount included in such total as interest income from a loan or loans made by such taxpayer to a borrower, to the extent that such a loan is secured by property which is eligible for the River Edge Redevelopment Zone Investment Credit. To determine the portion of a loan or loans that is secured by property eligible for a Section 201(f) investment credit to the borrower, the entire principal amount of the loan or loans between the taxpayer and the borrower should be divided into the basis of the Section 201(f) investment credit property which secures the loan or loans, using for this purpose the original basis of such property on the date that it was placed in service in the River Edge Redevelopment Zone. The subtraction modification available to the taxpayer in any year under this subsection shall be that portion of the total interest paid by the borrower with respect to such loan attributable to the eligible property as calculated under the previous sentence. This subparagraph (M) is exempt from the provisions of Section 250;

(M-1) For any taxpayer that is a financial organization within the meaning of Section 304(c) of

this Act, an amount included in such total as interest income from a loan or loans made by such taxpayer to a borrower, to the extent that such a loan is secured by property which is eligible for the High Impact Business Investment Credit. To determine the portion of a loan or loans that is secured by property eligible for a Section 201(h) investment credit to the borrower, the entire principal amount of the loan or loans between the taxpayer and the borrower should be divided into the basis of the Section 201(h) investment credit property which secures the loan or loans, using for this purpose the original basis of such property on the date that it was placed in service in a federally designated Foreign Trade Zone or Sub-Zone located in Illinois. No taxpayer that is eligible for the deduction provided in subparagraph (M) of paragraph (2) of this subsection shall be eligible for the deduction provided under this subparagraph (M-1). The subtraction modification available to taxpayers in any year under this subsection shall be that portion of the total interest paid by the borrower with respect to such loan attributable to the eligible property as calculated under the previous sentence;

(N) Two times any contribution made during the taxable year to a designated zone organization to the

extent that the contribution (i) qualifies as a charitable contribution under subsection (c) of Section 170 of the Internal Revenue Code and (ii) must, by its terms, be used for a project approved by the Department of Commerce and Economic Opportunity under Section 11 of the Illinois Enterprise Zone Act or under Section 10-10 of the River Edge Redevelopment Zone Act. This subparagraph (N) is exempt from the provisions of Section 250;

(O) An amount equal to: (i) 85% for taxable years ending on or before December 31, 1992, or, a percentage equal to the percentage allowable under Section 243(a)(1) of the Internal Revenue Code of 1986 for taxable years ending after December 31, 1992, of the amount by which dividends included in taxable income and received from a corporation that is not created or organized under the laws of the United States or any state or political subdivision thereof, including, for taxable years ending on or after December 31, 1988, dividends received or deemed received or paid or deemed paid under Sections 951 through 965 of the Internal Revenue Code, exceed the amount of the modification provided under subparagraph (G) of paragraph (2) of this subsection (b) which is related to such dividends, and including, for taxable years ending on or after December 31, 2008, dividends

received from a captive real estate investment trust; plus (ii) 100% of the amount by which dividends, included in taxable income and received, including, for taxable years ending on or after December 31, 1988, dividends received or deemed received or paid or deemed paid under Sections 951 through 964 of the Internal Revenue Code and including, for taxable years ending on or after December 31, 2008, dividends received from a captive real estate investment trust, from any such corporation specified in clause (i) that would but for the provisions of Section 1504(b)(3) of the Internal Revenue Code be treated as a member of the affiliated group which includes the dividend recipient, exceed the amount of the modification provided under subparagraph (G) of paragraph (2) of this subsection (b) which is related to such dividends. For taxable years ending on or after June 30, 2021, (i) for purposes of this subparagraph, the term "dividend" does not include any amount treated as a dividend under Section 1248 of the Internal Revenue Code, and (ii) this subparagraph shall not apply to dividends for which a deduction is allowed under Section 245(a) of the Internal Revenue Code. For taxable years ending on or after December 31, 2025, 50% of the amount of global intangible low-taxed income received or deemed received or paid or deemed

paid under Section 951A of the Internal Revenue Code. This subparagraph (O) is exempt from the provisions of Section 250 of this Act;

(P) An amount equal to any contribution made to a job training project established pursuant to the Tax Increment Allocation Redevelopment Act;

(Q) An amount equal to the amount of the deduction used to compute the federal income tax credit for restoration of substantial amounts held under claim of right for the taxable year pursuant to Section 1341 of the Internal Revenue Code;

(R) On and after July 20, 1999, in the case of an attorney-in-fact with respect to whom an interinsurer or a reciprocal insurer has made the election under Section 835 of the Internal Revenue Code, 26 U.S.C. 835, an amount equal to the excess, if any, of the amounts paid or incurred by that interinsurer or reciprocal insurer in the taxable year to the attorney-in-fact over the deduction allowed to that interinsurer or reciprocal insurer with respect to the attorney-in-fact under Section 835(b) of the Internal Revenue Code for the taxable year; the provisions of this subparagraph are exempt from the provisions of Section 250;

(S) For taxable years ending on or after December 31, 1997, in the case of a Subchapter S corporation, an

amount equal to all amounts of income allocable to a shareholder subject to the Personal Property Tax Replacement Income Tax imposed by subsections (c) and (d) of Section 201 of this Act, including amounts allocable to organizations exempt from federal income tax by reason of Section 501(a) of the Internal Revenue Code. This subparagraph (S) is exempt from the provisions of Section 250;

(T) For taxable years 2001 and thereafter, for the taxable year in which the bonus depreciation deduction is taken on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code and for each applicable taxable year thereafter, an amount equal to "x", where:

(1) "y" equals the amount of the depreciation deduction taken for the taxable year on the taxpayer's federal income tax return on property for which the bonus depreciation deduction was taken in any year under subsection (k) of Section 168 of the Internal Revenue Code, but not including the bonus depreciation deduction;

(2) for taxable years ending on or before December 31, 2005, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429); and

(3) for taxable years ending after December

31, 2005:

(i) for property on which a bonus depreciation deduction of 30% of the adjusted basis was taken, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429);

(ii) for property on which a bonus depreciation deduction of 50% of the adjusted basis was taken, "x" equals "y" multiplied by 1.0;

(iii) for property on which a bonus depreciation deduction of 100% of the adjusted basis was taken in a taxable year ending on or after December 31, 2021, "x" equals the depreciation deduction that would be allowed on that property if the taxpayer had made the election under Section 168(k)(7) of the Internal Revenue Code to not claim bonus depreciation on that property; and

(iv) for property on which a bonus depreciation deduction of a percentage other than 30%, 50% or 100% of the adjusted basis was taken in a taxable year ending on or after December 31, 2021, "x" equals "y" multiplied by 100 times the percentage bonus depreciation on the property (that is, 100(bonus%)) and

then divided by 100 times 1 minus the percentage bonus depreciation on the property (that is, 100(1-bonus%)).

The aggregate amount deducted under this subparagraph in all taxable years for any one piece of property may not exceed the amount of the bonus depreciation deduction taken on that property on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code. This subparagraph (T) is exempt from the provisions of Section 250;

(U) If the taxpayer sells, transfers, abandons, or otherwise disposes of property for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (E-10), then an amount equal to that addition modification.

If the taxpayer continues to own property through the last day of the last tax year for which a subtraction is allowed with respect to that property under subparagraph (T) and for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (E-10), then an amount equal to that addition modification.

The taxpayer is allowed to take the deduction under this subparagraph only once with respect to any one piece of property.

This subparagraph (U) is exempt from the provisions of Section 250;

(V) The amount of: (i) any interest income (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-17), 203(b)(2)(E-12), 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed the amount of such addition modification, (ii) any income from intangible property (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or 203(d)(2)(D-8), but not to exceed the amount of such addition modification, and (iii) any insurance premium income (net of deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-19), Section 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section 203(d)(2)(D-9), but not to exceed the amount of that addition modification. This subparagraph (V) is exempt

from the provisions of Section 250;

(W) An amount equal to the interest income taken into account for the taxable year (net of the deductions allocable thereto) with respect to transactions with (i) a foreign person who would be a member of the taxpayer's unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304, but not to exceed the addition modification required to be made for the same taxable year under Section 203(b)(2)(E-12) for interest paid, accrued, or incurred, directly or indirectly, to the same person. This subparagraph (W) is exempt from the provisions of Section 250;

(X) An amount equal to the income from intangible property taken into account for the taxable year (net of the deductions allocable thereto) with respect to transactions with (i) a foreign person who would be a

member of the taxpayer's unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304, but not to exceed the addition modification required to be made for the same taxable year under Section 203(b)(2)(E-13) for intangible expenses and costs paid, accrued, or incurred, directly or indirectly, to the same foreign person. This subparagraph (X) is exempt from the provisions of Section 250;

(Y) For taxable years ending on or after December 31, 2011, in the case of a taxpayer who was required to add back any insurance premiums under Section 203(b)(2)(E-14), such taxpayer may elect to subtract that part of a reimbursement received from the insurance company equal to the amount of the expense or loss (including expenses incurred by the insurance company) that would have been taken into account as a deduction for federal income tax purposes if the

expense or loss had been uninsured. If a taxpayer makes the election provided for by this subparagraph (Y), the insurer to which the premiums were paid must add back to income the amount subtracted by the taxpayer pursuant to this subparagraph (Y). This subparagraph (Y) is exempt from the provisions of Section 250;

(Z) The difference between the nondeductible controlled foreign corporation dividends under Section 965(e)(3) of the Internal Revenue Code over the taxable income of the taxpayer, computed without regard to Section 965(e)(2)(A) of the Internal Revenue Code, and without regard to any net operating loss deduction. This subparagraph (Z) is exempt from the provisions of Section 250; and

(AA) For taxable years beginning on or after January 1, 2023, for any cannabis establishment operating in this State and licensed under the Cannabis Regulation and Tax Act or any cannabis cultivation center or medical cannabis dispensing organization operating in this State and licensed under the Compassionate Use of Medical Cannabis Program Act, an amount equal to the deductions that were disallowed under Section 280E of the Internal Revenue Code for the taxable year and that would not be added back under this subsection. The provisions of

this subparagraph (AA) are exempt from the provisions of Section 250.

(3) Special rule. For purposes of paragraph (2)(A), "gross income" in the case of a life insurance company, for tax years ending on and after December 31, 1994, and prior to December 31, 2011, shall mean the gross investment income for the taxable year and, for tax years ending on or after December 31, 2011, shall mean all amounts included in life insurance gross income under Section 803(a)(3) of the Internal Revenue Code.

(c) Trusts and estates.

(1) In general. In the case of a trust or estate, base income means an amount equal to the taxpayer's taxable income for the taxable year as modified by paragraph (2).

(2) Modifications. Subject to the provisions of paragraph (3), the taxable income referred to in paragraph (1) shall be modified by adding thereto the sum of the following amounts:

(A) An amount equal to all amounts paid or accrued to the taxpayer as interest or dividends during the taxable year to the extent excluded from gross income in the computation of taxable income;

(B) In the case of (i) an estate, $600; (ii) a trust which, under its governing instrument, is required to distribute all of its income currently,

$300; and (iii) any other trust, $100, but in each such case, only to the extent such amount was deducted in the computation of taxable income;

(C) An amount equal to the amount of tax imposed by this Act to the extent deducted from gross income in the computation of taxable income for the taxable year;

(D) The amount of any net operating loss deduction taken in arriving at taxable income, other than a net operating loss carried forward from a taxable year ending prior to December 31, 1986;

(E) For taxable years in which a net operating loss carryback or carryforward from a taxable year ending prior to December 31, 1986 is an element of taxable income under paragraph (1) of subsection (e) or subparagraph (E) of paragraph (2) of subsection (e), the amount by which addition modifications other than those provided by this subparagraph (E) exceeded subtraction modifications in such taxable year, with the following limitations applied in the order that they are listed:

(i) the addition modification relating to the net operating loss carried back or forward to the taxable year from any taxable year ending prior to December 31, 1986 shall be reduced by the amount of addition modification under this subparagraph

(E) which related to that net operating loss and which was taken into account in calculating the base income of an earlier taxable year, and

(ii) the addition modification relating to the net operating loss carried back or forward to the taxable year from any taxable year ending prior to December 31, 1986 shall not exceed the amount of such carryback or carryforward;

For taxable years in which there is a net operating loss carryback or carryforward from more than one other taxable year ending prior to December 31, 1986, the addition modification provided in this subparagraph (E) shall be the sum of the amounts computed independently under the preceding provisions of this subparagraph (E) for each such taxable year;

(F) For taxable years ending on or after January 1, 1989, an amount equal to the tax deducted pursuant to Section 164 of the Internal Revenue Code if the trust or estate is claiming the same tax for purposes of the Illinois foreign tax credit under Section 601 of this Act;

(G) An amount equal to the amount of the capital gain deduction allowable under the Internal Revenue Code, to the extent deducted from gross income in the computation of taxable income;

(G-5) For taxable years ending after December 31,

1997, an amount equal to any eligible remediation costs that the trust or estate deducted in computing adjusted gross income and for which the trust or estate claims a credit under subsection (l) of Section 201;

(G-10) For taxable years 2001 and thereafter, an amount equal to the bonus depreciation deduction taken on the taxpayer's federal income tax return for the taxable year under subsection (k) of Section 168 of the Internal Revenue Code; and

(G-11) If the taxpayer sells, transfers, abandons, or otherwise disposes of property for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (G-10), then an amount equal to the aggregate amount of the deductions taken in all taxable years under subparagraph (R) with respect to that property.

If the taxpayer continues to own property through the last day of the last tax year for which a subtraction is allowed with respect to that property under subparagraph (R) and for which the taxpayer was allowed in any taxable year to make a subtraction modification under subparagraph (R), then an amount equal to that subtraction modification.

The taxpayer is required to make the addition modification under this subparagraph only once with

respect to any one piece of property;

(G-12) An amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of the foreign person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of

the same person to whom the interest was paid, accrued, or incurred. For taxable years ending on and after December 31, 2025, for purposes of applying this paragraph in the case of a taxpayer to which Section 163(j) of the Internal Revenue Code applies for the taxable year, the reduction in the amount of interest for which a deduction is allowed by reason of Section 163(j) shall be treated as allocable first to persons who are not foreign persons referred to in this paragraph and then to such foreign persons.

For taxable years ending before December 31, 2025, this ~~This~~ paragraph shall not apply to the following:

(i) an item of interest paid, accrued, or incurred, directly or indirectly, to a person who is subject in a foreign country or state, other than a state which requires mandatory unitary reporting, to a tax on or measured by net income with respect to such interest; or

(ii) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person, during the same taxable year, paid, accrued, or incurred, the interest to a person that is not a related member, and

(b) the transaction giving rise to the interest expense between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects an arm's-length interest rate and terms; or

(iii) the taxpayer can establish, based on clear and convincing evidence, that the interest paid, accrued, or incurred relates to a contract or agreement entered into at arm's-length rates and terms and the principal purpose for the payment is not federal or Illinois tax avoidance; or

(iv) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer establishes by clear and convincing evidence that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f).

For taxable years ending on or after December 31, 2025, this paragraph shall not apply to the following:

(i) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer can establish, based on a

preponderance of the evidence, both of the following:

(a) the person, during the same taxable year, paid, accrued, or incurred, the interest to a person that is not a related member, and

(b) the transaction giving rise to the interest expense between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects an arm's-length interest rate and terms; or

(ii) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer establishes by clear and convincing evidence that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f).

Nothing in this subsection shall preclude the Director from making any other adjustment otherwise allowed under Section 404 of this Act for any tax year beginning after the effective date of this amendment provided such adjustment is made pursuant to regulation adopted by the Department and such regulations provide methods

and standards by which the Department will utilize its authority under Section 404 of this Act;

(G-13) An amount equal to the amount of intangible expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross

income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the intangible expenses and costs were directly or indirectly paid, incurred, or accrued. The preceding sentence shall not apply to the extent that the same dividends caused a reduction to the addition modification required under Section 203(c)(2)(G-12) of this Act. As used in this subparagraph, the term "intangible expenses and costs" includes: (1) expenses, losses, and costs for or related to the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property; (2) losses incurred, directly or indirectly, from factoring transactions or discounting transactions; (3) royalty, patent, technical, and copyright fees; (4) licensing fees; and (5) other similar expenses and costs. For purposes of this subparagraph, "intangible property" includes patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

For taxable years ending before December 31, 2025, this ~~This~~ paragraph shall not apply to the following:

(i) any item of intangible expenses or costs paid, accrued, or incurred, directly or indirectly, from a transaction with a person who

is subject in a foreign country or state, other than a state which requires mandatory unitary reporting, to a tax on or measured by net income with respect to such item; or

(ii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person during the same taxable year paid, accrued, or incurred, the intangible expense or cost to a person that is not a related member, and

(b) the transaction giving rise to the intangible expense or cost between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects arm's-length terms; or

(iii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, from a transaction with a person if the taxpayer establishes by clear and convincing evidence, that the adjustments are unreasonable; or if the taxpayer and the Director agree in

writing to the application or use of an alternative method of apportionment under Section 304(f);

For taxable years ending on or after December 31, 2025, this paragraph shall not apply to the following:

(i) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person during the same taxable year paid, accrued, or incurred, the intangible expense or cost to a person that is not a related member, and

(b) the transaction giving rise to the intangible expense or cost between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects arm's-length terms; or

(ii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, from a transaction with a person if the taxpayer establishes by clear and convincing evidence, that the adjustments are unreasonable;

or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f).

Nothing in this subsection shall preclude the Director from making any other adjustment otherwise allowed under Section 404 of this Act for any tax year beginning after the effective date of this amendment provided such adjustment is made pursuant to regulation adopted by the Department and such regulations provide methods and standards by which the Department will utilize its authority under Section 404 of this Act;

(G-14) For taxable years ending on or after December 31, 2008, an amount equal to the amount of insurance premium expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were

included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income under Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the premiums and costs were directly or indirectly paid, incurred, or accrued. The preceding sentence does not apply to the extent that the same dividends caused a reduction to the addition modification required under Section 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this Act;

(G-15) An amount equal to the credit allowable to the taxpayer under Section 218(a) of this Act, determined without regard to Section 218(c) of this Act;

(G-16) For taxable years ending on or after December 31, 2017, an amount equal to the deduction allowed under Section 199 of the Internal Revenue Code for the taxable year;

(G-17) the amount that is claimed as a federal deduction when computing the taxpayer's federal taxable income for the taxable year and that is attributable to an endowment gift for which the

taxpayer receives a credit under the Illinois Gives Tax Credit Act;

and by deducting from the total so obtained the sum of the following amounts:

(H) An amount equal to all amounts included in such total pursuant to the provisions of Sections 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the Internal Revenue Code or included in such total as distributions under the provisions of any retirement or disability plan for employees of any governmental agency or unit, or retirement payments to retired partners, which payments are excluded in computing net earnings from self employment by Section 1402 of the Internal Revenue Code and regulations adopted pursuant thereto;

(I) The valuation limitation amount;

(J) An amount equal to the amount of any tax imposed by this Act which was refunded to the taxpayer and included in such total for the taxable year;

(K) An amount equal to all amounts included in taxable income as modified by subparagraphs (A), (B), (C), (D), (E), (F) and (G) which are exempt from taxation by this State either by reason of its statutes or Constitution or by reason of the Constitution, treaties or statutes of the United States; provided that, in the case of any statute of

this State that exempts income derived from bonds or other obligations from the tax imposed under this Act, the amount exempted shall be the interest net of bond premium amortization;

(L) With the exception of any amounts subtracted under subparagraph (K), an amount equal to the sum of all amounts disallowed as deductions by (i) Sections 171(a)(2) and 265(a)(2) of the Internal Revenue Code, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(a)(1) of the Internal Revenue Code; and (ii) for taxable years ending on or after August 13, 1999, Sections 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the Internal Revenue Code, plus, (iii) for taxable years ending on or after December 31, 2011, Section 45G(e)(3) of the Internal Revenue Code and, for taxable years ending on or after December 31, 2008, any amount included in gross income under Section 87 of the Internal Revenue Code; the provisions of this subparagraph are exempt from the provisions of Section 250;

(M) An amount equal to those dividends included in such total which were paid by a corporation which conducts business operations in a River Edge Redevelopment Zone or zones created under the River Edge Redevelopment Zone Act and conducts substantially

all of its operations in a River Edge Redevelopment Zone or zones. This subparagraph (M) is exempt from the provisions of Section 250;

(N) An amount equal to any contribution made to a job training project established pursuant to the Tax Increment Allocation Redevelopment Act;

(O) An amount equal to those dividends included in such total that were paid by a corporation that conducts business operations in a federally designated Foreign Trade Zone or Sub-Zone and that is designated a High Impact Business located in Illinois; provided that dividends eligible for the deduction provided in subparagraph (M) of paragraph (2) of this subsection shall not be eligible for the deduction provided under this subparagraph (O);

(P) An amount equal to the amount of the deduction used to compute the federal income tax credit for restoration of substantial amounts held under claim of right for the taxable year pursuant to Section 1341 of the Internal Revenue Code;

(Q) For taxable year 1999 and thereafter, an amount equal to the amount of any (i) distributions, to the extent includible in gross income for federal income tax purposes, made to the taxpayer because of his or her status as a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis

regime or as an heir of the victim and (ii) items of income, to the extent includible in gross income for federal income tax purposes, attributable to, derived from or in any way related to assets stolen from, hidden from, or otherwise lost to a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime immediately prior to, during, and immediately after World War II, including, but not limited to, interest on the proceeds receivable as insurance under policies issued to a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime by European insurance companies immediately prior to and during World War II; provided, however, this subtraction from federal adjusted gross income does not apply to assets acquired with such assets or with the proceeds from the sale of such assets; provided, further, this paragraph shall only apply to a taxpayer who was the first recipient of such assets after their recovery and who is a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime or as an heir of the victim. The amount of and the eligibility for any public assistance, benefit, or similar entitlement is not affected by the inclusion of items (i) and (ii) of this paragraph in gross income for federal income tax purposes. This paragraph is

exempt from the provisions of Section 250;

(R) For taxable years 2001 and thereafter, for the taxable year in which the bonus depreciation deduction is taken on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code and for each applicable taxable year thereafter, an amount equal to "x", where:

(1) "y" equals the amount of the depreciation deduction taken for the taxable year on the taxpayer's federal income tax return on property for which the bonus depreciation deduction was taken in any year under subsection (k) of Section 168 of the Internal Revenue Code, but not including the bonus depreciation deduction;

(2) for taxable years ending on or before December 31, 2005, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429); and

(3) for taxable years ending after December 31, 2005:

(i) for property on which a bonus depreciation deduction of 30% of the adjusted basis was taken, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429);

(ii) for property on which a bonus

depreciation deduction of 50% of the adjusted basis was taken, "x" equals "y" multiplied by 1.0;

(iii) for property on which a bonus depreciation deduction of 100% of the adjusted basis was taken in a taxable year ending on or after December 31, 2021, "x" equals the depreciation deduction that would be allowed on that property if the taxpayer had made the election under Section 168(k)(7) of the Internal Revenue Code to not claim bonus depreciation on that property; and

(iv) for property on which a bonus depreciation deduction of a percentage other than 30%, 50% or 100% of the adjusted basis was taken in a taxable year ending on or after December 31, 2021, "x" equals "y" multiplied by 100 times the percentage bonus depreciation on the property (that is, 100(bonus%)) and then divided by 100 times 1 minus the percentage bonus depreciation on the property (that is, 100(1-bonus%)).

The aggregate amount deducted under this subparagraph in all taxable years for any one piece of property may not exceed the amount of the bonus depreciation deduction taken on that property on the

taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code. This subparagraph (R) is exempt from the provisions of Section 250;

(S) If the taxpayer sells, transfers, abandons, or otherwise disposes of property for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (G-10), then an amount equal to that addition modification.

If the taxpayer continues to own property through the last day of the last tax year for which a subtraction is allowed with respect to that property under subparagraph (R) and for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (G-10), then an amount equal to that addition modification.

The taxpayer is allowed to take the deduction under this subparagraph only once with respect to any one piece of property.

This subparagraph (S) is exempt from the provisions of Section 250;

(T) The amount of (i) any interest income (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under

Section 203(a)(2)(D-17), 203(b)(2)(E-12), 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed the amount of such addition modification and (ii) any income from intangible property (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or 203(d)(2)(D-8), but not to exceed the amount of such addition modification. This subparagraph (T) is exempt from the provisions of Section 250;

(U) An amount equal to the interest income taken into account for the taxable year (net of the deductions allocable thereto) with respect to transactions with (i) a foreign person who would be a member of the taxpayer's unitary business group but for the fact the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different

subsections of Section 304, but not to exceed the addition modification required to be made for the same taxable year under Section 203(c)(2)(G-12) for interest paid, accrued, or incurred, directly or indirectly, to the same person. This subparagraph (U) is exempt from the provisions of Section 250;

(V) An amount equal to the income from intangible property taken into account for the taxable year (net of the deductions allocable thereto) with respect to transactions with (i) a foreign person who would be a member of the taxpayer's unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304, but not to exceed the addition modification required to be made for the same taxable year under Section 203(c)(2)(G-13) for intangible expenses and costs paid, accrued, or incurred, directly or indirectly, to the same foreign person. This subparagraph (V) is

exempt from the provisions of Section 250;

(W) in the case of an estate, an amount equal to all amounts included in such total pursuant to the provisions of Section 111 of the Internal Revenue Code as a recovery of items previously deducted by the decedent from adjusted gross income in the computation of taxable income. This subparagraph (W) is exempt from Section 250;

(X) an amount equal to the refund included in such total of any tax deducted for federal income tax purposes, to the extent that deduction was added back under subparagraph (F). This subparagraph (X) is exempt from the provisions of Section 250;

(Y) For taxable years ending on or after December 31, 2011, in the case of a taxpayer who was required to add back any insurance premiums under Section 203(c)(2)(G-14), such taxpayer may elect to subtract that part of a reimbursement received from the insurance company equal to the amount of the expense or loss (including expenses incurred by the insurance company) that would have been taken into account as a deduction for federal income tax purposes if the expense or loss had been uninsured. If a taxpayer makes the election provided for by this subparagraph (Y), the insurer to which the premiums were paid must add back to income the amount subtracted by the

taxpayer pursuant to this subparagraph (Y). This subparagraph (Y) is exempt from the provisions of Section 250;

(Z) For taxable years beginning after December 31, 2018 and before January 1, 2026, the amount of excess business loss of the taxpayer disallowed as a deduction by Section 461(l)(1)(B) of the Internal Revenue Code; and

(AA) For taxable years beginning on or after January 1, 2023, for any cannabis establishment operating in this State and licensed under the Cannabis Regulation and Tax Act or any cannabis cultivation center or medical cannabis dispensing organization operating in this State and licensed under the Compassionate Use of Medical Cannabis Program Act, an amount equal to the deductions that were disallowed under Section 280E of the Internal Revenue Code for the taxable year and that would not be added back under this subsection. The provisions of this subparagraph (AA) are exempt from the provisions of Section 250.

(3) Limitation. The amount of any modification otherwise required under this subsection shall, under regulations prescribed by the Department, be adjusted by any amounts included therein which were properly paid, credited, or required to be distributed, or permanently

set aside for charitable purposes pursuant to Internal Revenue Code Section 642(c) during the taxable year.

(d) Partnerships.

(1) In general. In the case of a partnership, base income means an amount equal to the taxpayer's taxable income for the taxable year as modified by paragraph (2).

(2) Modifications. The taxable income referred to in paragraph (1) shall be modified by adding thereto the sum of the following amounts:

(A) An amount equal to all amounts paid or accrued to the taxpayer as interest or dividends during the taxable year to the extent excluded from gross income in the computation of taxable income;

(B) An amount equal to the amount of tax imposed by this Act to the extent deducted from gross income for the taxable year;

(C) The amount of deductions allowed to the partnership pursuant to Section 707 (c) of the Internal Revenue Code in calculating its taxable income;

(D) An amount equal to the amount of the capital gain deduction allowable under the Internal Revenue Code, to the extent deducted from gross income in the computation of taxable income;

(D-5) For taxable years 2001 and thereafter, an

amount equal to the bonus depreciation deduction taken on the taxpayer's federal income tax return for the taxable year under subsection (k) of Section 168 of the Internal Revenue Code;

(D-6) If the taxpayer sells, transfers, abandons, or otherwise disposes of property for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (D-5), then an amount equal to the aggregate amount of the deductions taken in all taxable years under subparagraph (O) with respect to that property.

If the taxpayer continues to own property through the last day of the last tax year for which a subtraction is allowed with respect to that property under subparagraph (O) and for which the taxpayer was allowed in any taxable year to make a subtraction modification under subparagraph (O), then an amount equal to that subtraction modification.

The taxpayer is required to make the addition modification under this subparagraph only once with respect to any one piece of property;

(D-7) An amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a

member of the same unitary business group but for the fact the foreign person's business activity outside the United States is 80% or more of the foreign person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the interest was paid, accrued, or incurred. For taxable years ending on and after December 31, 2025, for purposes of applying this paragraph in the case of a taxpayer to which Section 163(j) of the Internal Revenue Code applies for the taxable year, the reduction in the amount of interest

for which a deduction is allowed by reason of Section 163(j) shall be treated as allocable first to persons who are not foreign persons referred to in this paragraph and then to such foreign persons.

For taxable years ending before December 31, 2025, this ~~This~~ paragraph shall not apply to the following:

(i) an item of interest paid, accrued, or incurred, directly or indirectly, to a person who is subject in a foreign country or state, other than a state which requires mandatory unitary reporting, to a tax on or measured by net income with respect to such interest; or

(ii) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person, during the same taxable year, paid, accrued, or incurred, the interest to a person that is not a related member, and

(b) the transaction giving rise to the interest expense between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects an arm's-length interest rate and

terms; or

(iii) the taxpayer can establish, based on clear and convincing evidence, that the interest paid, accrued, or incurred relates to a contract or agreement entered into at arm's-length rates and terms and the principal purpose for the payment is not federal or Illinois tax avoidance; or

(iv) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer establishes by clear and convincing evidence that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f).

For taxable years ending on or after December 31, 2025, this paragraph shall not apply to the following:

(i) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person, during the same taxable year, paid, accrued, or incurred, the interest to a person that is not a related member, and

(b) the transaction giving rise to the

interest expense between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects an arm's-length interest rate and terms; or

(ii) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer establishes by clear and convincing evidence that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f).

Nothing in this subsection shall preclude the Director from making any other adjustment otherwise allowed under Section 404 of this Act for any tax year beginning after the effective date of this amendment provided such adjustment is made pursuant to regulation adopted by the Department and such regulations provide methods and standards by which the Department will utilize its authority under Section 404 of this Act; and

(D-8) An amount equal to the amount of intangible expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, (i) for taxable

years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the intangible expenses and costs were directly or indirectly paid, incurred or accrued. The preceding sentence shall not apply to the extent that the same dividends caused a reduction to the addition

modification required under Section 203(d)(2)(D-7) of this Act. As used in this subparagraph, the term "intangible expenses and costs" includes (1) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property; (2) losses incurred, directly or indirectly, from factoring transactions or discounting transactions; (3) royalty, patent, technical, and copyright fees; (4) licensing fees; and (5) other similar expenses and costs. For purposes of this subparagraph, "intangible property" includes patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets;

For taxable years ending on or after December 31, 2025, this ~~This~~ paragraph shall not apply to the following:

(i) any item of intangible expenses or costs paid, accrued, or incurred, directly or indirectly, from a transaction with a person who is subject in a foreign country or state, other than a state which requires mandatory unitary reporting, to a tax on or measured by net income with respect to such item; or

(ii) any item of intangible expense or cost

paid, accrued, or incurred, directly or indirectly, if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person during the same taxable year paid, accrued, or incurred, the intangible expense or cost to a person that is not a related member, and

(b) the transaction giving rise to the intangible expense or cost between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects arm's-length terms; or

(iii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, from a transaction with a person if the taxpayer establishes by clear and convincing evidence, that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f);

For taxable years ending on or after December 31, 2025, this paragraph shall not apply to the following:

(i) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person during the same taxable year paid, accrued, or incurred, the intangible expense or cost to a person that is not a related member, and

(b) the transaction giving rise to the intangible expense or cost between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects arm's-length terms; or

(ii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, from a transaction with a person if the taxpayer establishes by clear and convincing evidence, that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f).

Nothing in this subsection shall preclude the

Director from making any other adjustment otherwise allowed under Section 404 of this Act for any tax year beginning after the effective date of this amendment provided such adjustment is made pursuant to regulation adopted by the Department and such regulations provide methods and standards by which the Department will utilize its authority under Section 404 of this Act;

(D-9) For taxable years ending on or after December 31, 2008, an amount equal to the amount of insurance premium expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income under Sections 951 through 964 of the Internal Revenue Code

and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the premiums and costs were directly or indirectly paid, incurred, or accrued. The preceding sentence does not apply to the extent that the same dividends caused a reduction to the addition modification required under Section 203(d)(2)(D-7) or Section 203(d)(2)(D-8) of this Act;

(D-10) An amount equal to the credit allowable to the taxpayer under Section 218(a) of this Act, determined without regard to Section 218(c) of this Act;

(D-11) For taxable years ending on or after December 31, 2017, an amount equal to the deduction allowed under Section 199 of the Internal Revenue Code for the taxable year;

(D-12) the amount that is claimed as a federal deduction when computing the taxpayer's federal taxable income for the taxable year and that is attributable to an endowment gift for which the taxpayer receives a credit under the Illinois Gives Tax Credit Act;

and by deducting from the total so obtained the following amounts:

(E) The valuation limitation amount;

(F) An amount equal to the amount of any tax

imposed by this Act which was refunded to the taxpayer and included in such total for the taxable year;

(G) An amount equal to all amounts included in taxable income as modified by subparagraphs (A), (B), (C) and (D) which are exempt from taxation by this State either by reason of its statutes or Constitution or by reason of the Constitution, treaties or statutes of the United States; provided that, in the case of any statute of this State that exempts income derived from bonds or other obligations from the tax imposed under this Act, the amount exempted shall be the interest net of bond premium amortization;

(H) Any income of the partnership which constitutes personal service income as defined in Section 1348(b)(1) of the Internal Revenue Code (as in effect December 31, 1981) or a reasonable allowance for compensation paid or accrued for services rendered by partners to the partnership, whichever is greater; this subparagraph (H) is exempt from the provisions of Section 250;

(I) An amount equal to all amounts of income distributable to an entity subject to the Personal Property Tax Replacement Income Tax imposed by subsections (c) and (d) of Section 201 of this Act including amounts distributable to organizations exempt from federal income tax by reason of Section

501(a) of the Internal Revenue Code; this subparagraph (I) is exempt from the provisions of Section 250;

(J) With the exception of any amounts subtracted under subparagraph (G), an amount equal to the sum of all amounts disallowed as deductions by (i) Sections 171(a)(2) and 265(a)(2) of the Internal Revenue Code, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(a)(1) of the Internal Revenue Code; and (ii) for taxable years ending on or after August 13, 1999, Sections 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the Internal Revenue Code, plus, (iii) for taxable years ending on or after December 31, 2011, Section 45G(e)(3) of the Internal Revenue Code and, for taxable years ending on or after December 31, 2008, any amount included in gross income under Section 87 of the Internal Revenue Code; the provisions of this subparagraph are exempt from the provisions of Section 250;

(K) An amount equal to those dividends included in such total which were paid by a corporation which conducts business operations in a River Edge Redevelopment Zone or zones created under the River Edge Redevelopment Zone Act and conducts substantially all of its operations from a River Edge Redevelopment Zone or zones. This subparagraph (K) is exempt from

the provisions of Section 250;

(L) An amount equal to any contribution made to a job training project established pursuant to the Real Property Tax Increment Allocation Redevelopment Act;

(M) An amount equal to those dividends included in such total that were paid by a corporation that conducts business operations in a federally designated Foreign Trade Zone or Sub-Zone and that is designated a High Impact Business located in Illinois; provided that dividends eligible for the deduction provided in subparagraph (K) of paragraph (2) of this subsection shall not be eligible for the deduction provided under this subparagraph (M);

(N) An amount equal to the amount of the deduction used to compute the federal income tax credit for restoration of substantial amounts held under claim of right for the taxable year pursuant to Section 1341 of the Internal Revenue Code;

(O) For taxable years 2001 and thereafter, for the taxable year in which the bonus depreciation deduction is taken on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code and for each applicable taxable year thereafter, an amount equal to "x", where:

(1) "y" equals the amount of the depreciation deduction taken for the taxable year on the

taxpayer's federal income tax return on property for which the bonus depreciation deduction was taken in any year under subsection (k) of Section 168 of the Internal Revenue Code, but not including the bonus depreciation deduction;

(2) for taxable years ending on or before December 31, 2005, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429); and

(3) for taxable years ending after December 31, 2005:

(i) for property on which a bonus depreciation deduction of 30% of the adjusted basis was taken, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429);

(ii) for property on which a bonus depreciation deduction of 50% of the adjusted basis was taken, "x" equals "y" multiplied by 1.0;

(iii) for property on which a bonus depreciation deduction of 100% of the adjusted basis was taken in a taxable year ending on or after December 31, 2021, "x" equals the depreciation deduction that would be allowed on that property if the taxpayer had made the

election under Section 168(k)(7) of the Internal Revenue Code to not claim bonus depreciation on that property; and

(iv) for property on which a bonus depreciation deduction of a percentage other than 30%, 50% or 100% of the adjusted basis was taken in a taxable year ending on or after December 31, 2021, "x" equals "y" multiplied by 100 times the percentage bonus depreciation on the property (that is, 100(bonus%)) and then divided by 100 times 1 minus the percentage bonus depreciation on the property (that is, 100(1-bonus%)).

The aggregate amount deducted under this subparagraph in all taxable years for any one piece of property may not exceed the amount of the bonus depreciation deduction taken on that property on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code. This subparagraph (O) is exempt from the provisions of Section 250;

(P) If the taxpayer sells, transfers, abandons, or otherwise disposes of property for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (D-5), then an amount equal to that addition modification.

If the taxpayer continues to own property through the last day of the last tax year for which a subtraction is allowed with respect to that property under subparagraph (O) and for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (D-5), then an amount equal to that addition modification.

The taxpayer is allowed to take the deduction under this subparagraph only once with respect to any one piece of property.

This subparagraph (P) is exempt from the provisions of Section 250;

(Q) The amount of (i) any interest income (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-17), 203(b)(2)(E-12), 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed the amount of such addition modification and (ii) any income from intangible property (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or

203(d)(2)(D-8), but not to exceed the amount of such addition modification. This subparagraph (Q) is exempt from Section 250;

(R) An amount equal to the interest income taken into account for the taxable year (net of the deductions allocable thereto) with respect to transactions with (i) a foreign person who would be a member of the taxpayer's unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304, but not to exceed the addition modification required to be made for the same taxable year under Section 203(d)(2)(D-7) for interest paid, accrued, or incurred, directly or indirectly, to the same person. This subparagraph (R) is exempt from Section 250;

(S) An amount equal to the income from intangible property taken into account for the taxable year (net of the deductions allocable thereto) with respect to

transactions with (i) a foreign person who would be a member of the taxpayer's unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304, but not to exceed the addition modification required to be made for the same taxable year under Section 203(d)(2)(D-8) for intangible expenses and costs paid, accrued, or incurred, directly or indirectly, to the same person. This subparagraph (S) is exempt from Section 250;

(T) For taxable years ending on or after December 31, 2011, in the case of a taxpayer who was required to add back any insurance premiums under Section 203(d)(2)(D-9), such taxpayer may elect to subtract that part of a reimbursement received from the insurance company equal to the amount of the expense or loss (including expenses incurred by the insurance company) that would have been taken into account as a

deduction for federal income tax purposes if the expense or loss had been uninsured. If a taxpayer makes the election provided for by this subparagraph (T), the insurer to which the premiums were paid must add back to income the amount subtracted by the taxpayer pursuant to this subparagraph (T). This subparagraph (T) is exempt from the provisions of Section 250; and

(U) For taxable years beginning on or after January 1, 2023, for any cannabis establishment operating in this State and licensed under the Cannabis Regulation and Tax Act or any cannabis cultivation center or medical cannabis dispensing organization operating in this State and licensed under the Compassionate Use of Medical Cannabis Program Act, an amount equal to the deductions that were disallowed under Section 280E of the Internal Revenue Code for the taxable year and that would not be added back under this subsection. The provisions of this subparagraph (U) are exempt from the provisions of Section 250.

(e) Gross income; adjusted gross income; taxable income.

(1) In general. Subject to the provisions of paragraph (2) and subsection (b)(3), for purposes of this Section and Section 803(e), a taxpayer's gross income, adjusted

gross income, or taxable income for the taxable year shall mean the amount of gross income, adjusted gross income or taxable income properly reportable for federal income tax purposes for the taxable year under the provisions of the Internal Revenue Code. Taxable income may be less than zero. However, for taxable years ending on or after December 31, 1986, net operating loss carryforwards from taxable years ending prior to December 31, 1986, may not exceed the sum of federal taxable income for the taxable year before net operating loss deduction, plus the excess of addition modifications over subtraction modifications for the taxable year. For taxable years ending prior to December 31, 1986, taxable income may never be an amount in excess of the net operating loss for the taxable year as defined in subsections (c) and (d) of Section 172 of the Internal Revenue Code, provided that when taxable income of a corporation (other than a Subchapter S corporation), trust, or estate is less than zero and addition modifications, other than those provided by subparagraph (E) of paragraph (2) of subsection (b) for corporations or subparagraph (E) of paragraph (2) of subsection (c) for trusts and estates, exceed subtraction modifications, an addition modification must be made under those subparagraphs for any other taxable year to which the taxable income less than zero (net operating loss) is applied under Section 172 of the Internal Revenue Code or

under subparagraph (E) of paragraph (2) of this subsection (e) applied in conjunction with Section 172 of the Internal Revenue Code.

(2) Special rule. For purposes of paragraph (1) of this subsection, the taxable income properly reportable for federal income tax purposes shall mean:

(A) Certain life insurance companies. In the case of a life insurance company subject to the tax imposed by Section 801 of the Internal Revenue Code, life insurance company taxable income, plus the amount of distribution from pre-1984 policyholder surplus accounts as calculated under Section 815a of the Internal Revenue Code;

(B) Certain other insurance companies. In the case of mutual insurance companies subject to the tax imposed by Section 831 of the Internal Revenue Code, insurance company taxable income;

(C) Regulated investment companies. In the case of a regulated investment company subject to the tax imposed by Section 852 of the Internal Revenue Code, investment company taxable income;

(D) Real estate investment trusts. In the case of a real estate investment trust subject to the tax imposed by Section 857 of the Internal Revenue Code, real estate investment trust taxable income;

(E) Consolidated corporations. In the case of a

corporation which is a member of an affiliated group of corporations filing a consolidated income tax return for the taxable year for federal income tax purposes, taxable income determined as if such corporation had filed a separate return for federal income tax purposes for the taxable year and each preceding taxable year for which it was a member of an affiliated group. For purposes of this subparagraph, the taxpayer's separate taxable income shall be determined as if the election provided by Section 243(b)(2) of the Internal Revenue Code had been in effect for all such years;

(F) Cooperatives. In the case of a cooperative corporation or association, the taxable income of such organization determined in accordance with the provisions of Section 1381 through 1388 of the Internal Revenue Code, but without regard to the prohibition against offsetting losses from patronage activities against income from nonpatronage activities; except that a cooperative corporation or association may make an election to follow its federal income tax treatment of patronage losses and nonpatronage losses. In the event such election is made, such losses shall be computed and carried over in a manner consistent with subsection (a) of Section 207 of this Act and apportioned by the apportionment

factor reported by the cooperative on its Illinois income tax return filed for the taxable year in which the losses are incurred. The election shall be effective for all taxable years with original returns due on or after the date of the election. In addition, the cooperative may file an amended return or returns, as allowed under this Act, to provide that the election shall be effective for losses incurred or carried forward for taxable years occurring prior to the date of the election. Once made, the election may only be revoked upon approval of the Director. The Department shall adopt rules setting forth requirements for documenting the elections and any resulting Illinois net loss and the standards to be used by the Director in evaluating requests to revoke elections. Public Act 96-932 is declaratory of existing law;

(G) Subchapter S corporations. In the case of: (i) a Subchapter S corporation for which there is in effect an election for the taxable year under Section 1362 of the Internal Revenue Code, the taxable income of such corporation determined in accordance with Section 1363(b) of the Internal Revenue Code, except that taxable income shall take into account those items which are required by Section 1363(b)(1) of the Internal Revenue Code to be separately stated; and

(ii) a Subchapter S corporation for which there is in effect a federal election to opt out of the provisions of the Subchapter S Revision Act of 1982 and have applied instead the prior federal Subchapter S rules as in effect on July 1, 1982, the taxable income of such corporation determined in accordance with the federal Subchapter S rules as in effect on July 1, 1982; and

(H) Partnerships. In the case of a partnership, taxable income determined in accordance with Section 703 of the Internal Revenue Code, except that taxable income shall take into account those items which are required by Section 703(a)(1) to be separately stated but which would be taken into account by an individual in calculating his taxable income.

(3) Recapture of business expenses on disposition of asset or business. Notwithstanding any other law to the contrary, if in prior years income from an asset or business has been classified as business income and in a later year is demonstrated to be non-business income, then all expenses, without limitation, deducted in such later year and in the 2 immediately preceding taxable years related to that asset or business that generated the non-business income shall be added back and recaptured as business income in the year of the disposition of the asset or business. Such amount shall be apportioned to

Illinois using the greater of the apportionment fraction computed for the business under Section 304 of this Act for the taxable year or the average of the apportionment fractions computed for the business under Section 304 of this Act for the taxable year and for the 2 immediately preceding taxable years.

(f) Valuation limitation amount.

(1) In general. The valuation limitation amount referred to in subsections (a)(2)(G), (c)(2)(I) and (d)(2)(E) is an amount equal to:

(A) The sum of the pre-August 1, 1969 appreciation amounts (to the extent consisting of gain reportable under the provisions of Section 1245 or 1250 of the Internal Revenue Code) for all property in respect of which such gain was reported for the taxable year; plus

(B) The lesser of (i) the sum of the pre-August 1, 1969 appreciation amounts (to the extent consisting of capital gain) for all property in respect of which such gain was reported for federal income tax purposes for the taxable year, or (ii) the net capital gain for the taxable year, reduced in either case by any amount of such gain included in the amount determined under subsection (a)(2)(F) or (c)(2)(H).

(2) Pre-August 1, 1969 appreciation amount.

(A) If the fair market value of property referred to in paragraph (1) was readily ascertainable on August 1, 1969, the pre-August 1, 1969 appreciation amount for such property is the lesser of (i) the excess of such fair market value over the taxpayer's basis (for determining gain) for such property on that date (determined under the Internal Revenue Code as in effect on that date), or (ii) the total gain realized and reportable for federal income tax purposes in respect of the sale, exchange or other disposition of such property.

(B) If the fair market value of property referred to in paragraph (1) was not readily ascertainable on August 1, 1969, the pre-August 1, 1969 appreciation amount for such property is that amount which bears the same ratio to the total gain reported in respect of the property for federal income tax purposes for the taxable year, as the number of full calendar months in that part of the taxpayer's holding period for the property ending July 31, 1969 bears to the number of full calendar months in the taxpayer's entire holding period for the property.

(C) The Department shall prescribe such regulations as may be necessary to carry out the purposes of this paragraph.

(g) Double deductions. Unless specifically provided otherwise, nothing in this Section shall permit the same item to be deducted more than once.

(h) Legislative intention. Except as expressly provided by this Section there shall be no modifications or limitations on the amounts of income, gain, loss or deduction taken into account in determining gross income, adjusted gross income or taxable income for federal income tax purposes for the taxable year, or in the amount of such items entering into the computation of base income and net income under this Act for such taxable year, whether in respect of property values as of August 1, 1969 or otherwise.

(Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658, eff. 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff. 12-21-22; 103-8, eff. 6-7-23; 103-478, eff. 1-1-24; 103-592, Article 10, Section 10-900, eff. 6-7-24; 103-592, Article 170, Section 170-90, eff. 6-7-24; 103-605, eff. 7-1-24; 103-647, eff. 7-1-24; revised 8-20-24.)

ARTICLE 35

Section 35-5. The State Finance Act is amended by changing Section 6z-17 as follows:

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

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

(a) After deducting the amount transferred to the Tax Compliance and Administration Fund under subsection (b), of the money paid into the State and Local Sales Tax Reform Fund: (i) ~~subject to appropriation to the Department of Revenue,~~ Municipalities having 1,000,000 or more inhabitants shall receive 20% and may expend such amount to fund and establish a program for developing and coordinating public and private resources targeted to meet the affordable housing needs of low-income and very low-income households within such municipality, (ii) 10% shall be transferred into the Regional Transportation Authority Occupation and Use Tax Replacement Fund, a special fund in the State treasury which is hereby created, (iii) until July 1, 2013, subject to appropriation to the Department of Transportation, the Madison County Mass Transit District shall receive .6%, and beginning on July 1, 2013, ~~subject to appropriation to the Department of Revenue,~~ 0.6% shall be distributed <u>by the Department of Revenue</u> each month out of the Fund to the Madison County Mass Transit District, (iv) the following amounts, plus any cumulative deficiency in such transfers for prior months, shall be transferred monthly into the Build Illinois Fund and credited to the Build Illinois Bond Account therein:

Fiscal Year	Amount
1990	$2,700,000
1991	1,850,000

1992 2,750,000

1993 2,950,000

From Fiscal Year 1994 through Fiscal Year 2025 the transfer shall total $3,150,000 monthly, plus any cumulative deficiency in such transfers for prior months, and (v) the remainder of the money paid into the State and Local Sales Tax Reform Fund shall be transferred into the Local Government Distributive Fund and, except for municipalities with 1,000,000 or more inhabitants which shall receive no portion of such remainder, shall be distributed~~, subject to appropriation,~~ in the manner provided by Section 2 of the State Revenue Sharing Act ~~"An Act in relation to State revenue sharing with local government entities", approved July 31, 1969, as now or hereafter amended~~. Municipalities with more than 50,000 inhabitants according to the 1980 U.S. Census and located within the Metro East Mass Transit District receiving funds pursuant to provision (v) of this paragraph may expend such amounts to fund and establish a program for developing and coordinating public and private resources targeted to meet the affordable housing needs of low-income and very low-income households within such municipality.

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

(b) Beginning on the first day of the first calendar month to occur on or after the effective date of this amendatory Act of the 98th General Assembly, each month the Department of Revenue shall certify to the State Comptroller and the State Treasurer, and the State Comptroller shall order transferred and the State Treasurer shall transfer from the State and Local Sales Tax Reform Fund to the Tax Compliance and Administration Fund, an amount equal to 1/12 of 5% of 20% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department of Revenue under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and associated local occupation and use taxes administered by the Department. The amount distributed under subsection (a) each month shall first be reduced by the amount transferred to the Tax Compliance and Administration Fund under this subsection (b). Moneys transferred to the Tax Compliance and Administration Fund under this subsection (b) shall be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue.

(c) The provisions of this Section directing the distributions from the State and Local Sales Tax Reform Fund, including, but not limited to, amounts that are distributed in the manner provided by Section 2 of the State Revenue Sharing Act, shall constitute an irrevocable and continuing appropriation of all amounts as provided in this Section. The

State Treasurer and State Comptroller are hereby authorized to make distributions as provided in this Section.

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

Section 35-10. The State Revenue Sharing Act is amended by changing Sections 1 and 2 as follows:

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

Sec. 1. Local Government Distributive Fund. Through June 30, 1994, as soon as may be after the first day of each month the Department of Revenue shall certify to the Treasurer an amount equal to 1/12 of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act during the preceding month. Beginning July 1, 1994, and continuing through June 30, 1995, as soon as may be after the first day of each month, the Department of Revenue shall certify to the Treasurer an amount equal to 1/11 of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act during the preceding month. Beginning July 1, 1995, as soon as may be after the first day of each month, the Department of Revenue shall certify to the Treasurer an amount equal to the amounts calculated pursuant to subsection (b) of Section 901 of the Illinois Income Tax Act based on the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act during the

preceding month. Net revenue realized for a month shall be defined as the revenue from the tax imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act which is deposited in the General Revenue Fund, the Education Assistance Fund and the Income Tax Surcharge Local Government Distributive Fund during the month minus the amount paid out of the General Revenue Fund in State warrants during that same month as refunds to taxpayers for overpayment of liability under the tax imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act. Upon receipt of such certification, the Treasurer shall transfer from the General Revenue Fund to a special fund in the State treasury, to be known as the "Local Government Distributive Fund", the amount shown on such certification.

Beginning on the effective date of this amendatory Act of the 98th General Assembly, the Comptroller shall perform the transfers required by this Section no later than 60 days after he or she receives the certification from the Treasurer.

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

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

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

Sec. 2. Allocation and Disbursement.

(a) As soon as may be after the first day of each month, the Department of Revenue shall allocate among the several municipalities and counties of this State the amount available in the Local Government Distributive Fund and in the Income Tax Surcharge Local Government Distributive Fund, determined as provided in Sections 1 and 1a above. Except as provided in Sections 13 and 13.1 of this Act, the Department shall then certify such allocations to the State Comptroller, who shall pay over to the several municipalities and counties the respective amounts allocated to them. The amount of such Funds allocable to each such municipality and county shall be in proportion to the number of individual residents of such municipality or county to the total population of the State, determined in each case on the basis of the latest census of the State, municipality or county conducted by the Federal government and certified by the Secretary of State and for annexations to municipalities, the latest Federal, State or municipal census of the annexed area which has been certified by the Department of Revenue. Allocations to the City of Chicago under this Section are subject to Section 6 of the Hotel Operators' Occupation Tax Act. For the purpose of this Section, the number of individual residents of a county shall be reduced by the number of individuals residing therein in

municipalities, but the number of individual residents of the State, county and municipality shall reflect the latest census of any of them. ~~The amounts transferred into the Local Government Distributive Fund pursuant to Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act, each as now or hereafter amended, pursuant to the amendments of such Sections by Public Act 85-1135, shall be distributed as provided in said Sections.~~

(b) It is the intent of the General Assembly that allocations made under this Section shall be made in a fair and equitable manner. Accordingly, the clerk of any municipality to which territory has been annexed, or from which territory has been disconnected, shall notify the Department of Revenue in writing of that annexation or disconnection and shall (1) state the number of residents within the territory that was annexed or disconnected, based on the last census conducted by the federal, State, or municipal government and certified by the Illinois Secretary of State, and (2) furnish therewith a certified copy of the plat of annexation or, in the case of disconnection, the ordinance, final judgment, or resolution of disconnection together with an accurate depiction of the territory disconnected. The county in which the annexed or disconnected territory is located shall verify that the number of residents stated on the written notice that is to be sent to the Department of Revenue is true and accurate. The verified

statement of the county shall accompany the written notice. However, if the county does not respond to the municipality's request for verification within 30 days, this verification requirement shall be waived. The written notice shall be provided to the Department of Revenue (1) within 30 days after the effective date of this amendatory Act of the 96th General Assembly for disconnections occurring after January 1, 2007 and before the effective date of this amendatory Act of the 96th General Assembly or (2) within 30 days after the annexation or disconnection for annexations or disconnections occurring on or after the effective date of this amendatory Act of the 96th General Assembly. For purposes of this Section, a disconnection or annexation through court order is deemed to be effective 30 days after the entry of a final judgment order, unless stayed pending appeal. Thereafter, the monthly allocation made to the municipality and to any other municipality or county affected by the annexation or disconnection shall be adjusted in accordance with this Section to reflect the change in residency of the residents of the territory that was annexed or disconnected. The adjustment shall be made no later than 30 days after the Department of Revenue's receipt of the written notice of annexation or disconnection described in this Section.

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

Section 35-15. The Illinois Income Tax Act is amended by

changing Sections 303, 304 and 901 as follows:

(35 ILCS 5/303) (from Ch. 120, par. 3-303)

Sec. 303. (a) In general. Any item of capital gain or loss, and any item of income from rents or royalties from real or tangible personal property, interest, dividends, and patent or copyright royalties, and prizes awarded under the Illinois Lottery Law, and, for taxable years ending on or after December 31, 2019, wagering and gambling winnings from Illinois sources as set forth in subsection (e-1) of this Section, and, for taxable years ending on or after December 31, 2021, sports wagering and winnings from Illinois sources as set forth in subsection (e-2) of this Section, to the extent such item constitutes nonbusiness income, together with any item of deduction directly allocable thereto, shall be allocated by any person other than a resident as provided in this Section.

(b) Capital gains and losses.

(1) Real property. Capital gains and losses from sales or exchanges of real property are allocable to this State if the property is located in this State.

(2) Tangible personal property. Capital gains and losses from sales or exchanges of tangible personal property are allocable to this State if, at the time of such sale or exchange:

(A) The property had its situs in this State; or

(B) The taxpayer had its commercial domicile in this State and was not taxable in the state in which the property had its situs.

(3) Intangibles. Capital gains and losses from sales or exchanges of intangible personal property are allocable to this State if the taxpayer had its commercial domicile in this State at the time of such sale or exchange.

(4) Pass-through entities. Gains and losses from sales or exchanges of shares in a Subchapter S corporation or from an interest in a partnership, other than an investment partnership as defined in paragraph (11.5) of subsection (a) of Section 1501, are allocable to this State if the pass-through entity is taxable in this State, and those gains and losses shall be allocated in proportion to the average of the pass-through entity's Illinois apportionment factor computed under Section 304 in the year of the sale or exchange and the 2 tax years immediately preceding the year of the sale or exchange. If the pass-through entity was not in existence during both of the preceding 2 years, then only the years in which the pass-through entity was in existence shall be considered when computing the average.

(c) Rents and royalties.

(1) Real property. Rents and royalties from real property are allocable to this State if the property is located in this State.

(2) Tangible personal property. Rents and royalties from tangible personal property are allocable to this State:

(A) If and to the extent that the property is utilized in this State; or

(B) In their entirety if, at the time such rents or royalties were paid or accrued, the taxpayer had its commercial domicile in this State and was not organized under the laws of or taxable with respect to such rents or royalties in the state in which the property was utilized. The extent of utilization of tangible personal property in a state is determined by multiplying the rents or royalties derived from such property by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

(d) Patent and copyright royalties.

(1) Allocation. Patent and copyright royalties are allocable to this State:

(A) If and to the extent that the patent or copyright is utilized by the payer in this State; or

(B) If and to the extent that the patent or copyright is utilized by the payer in a state in which the taxpayer is not taxable with respect to such royalties and, at the time such royalties were paid or accrued, the taxpayer had its commercial domicile in this State.

(2) Utilization.

(A) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in this State if the taxpayer has its commercial domicile in this State.

(B) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of

utilization, the copyright is utilized in this State if the taxpayer has its commercial domicile in this State.

(e) Illinois lottery prizes. Prizes awarded under the Illinois Lottery Law are allocable to this State. Payments received in taxable years ending on or after December 31, 2013, from the assignment of a prize under Section 13.1 of the Illinois Lottery Law are allocable to this State.

(e-1) Wagering and gambling winnings. Payments received in taxable years ending on or after December 31, 2019 of winnings from pari-mutuel wagering conducted at a wagering facility licensed under the Illinois Horse Racing Act of 1975 and from gambling games conducted on a riverboat or in a casino or organization gaming facility licensed under the Illinois Gambling Act are allocable to this State.

(e-2) Sports wagering and winnings. Payments received in taxable years ending on or after December 31, 2021 of winnings from sports wagering conducted in accordance with the Sports Wagering Act are allocable to this State.

(e-5) Unemployment benefits. Unemployment benefits paid by the Illinois Department of Employment Security are allocable to this State.

(f) Taxability in other state. For purposes of allocation of income pursuant to this Section, a taxpayer is taxable in another state if:

(1) In that state he is subject to a net income tax, a

franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax; or

(2) That state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.

(g) Cross references.

(1) For allocation of interest and dividends by persons other than residents, see Section 301(c)(2).

(2) For allocation of nonbusiness income by residents, see Section 301(a).

(Source: P.A. 101-31, eff. 6-28-19; 102-40, eff. 6-25-21.)

(35 ILCS 5/304) (from Ch. 120, par. 3-304)

Sec. 304. Business income of persons other than residents.

(a) In general. The business income of a person other than a resident shall be allocated to this State if such person's business income is derived solely from this State. If a person other than a resident derives business income from this State and one or more other states, then, for tax years ending on or before December 30, 1998, and except as otherwise provided by this Section, such person's business income shall be apportioned to this State by multiplying the income by a fraction, the numerator of which is the sum of the property factor (if any), the payroll factor (if any) and 200% of the sales factor (if any), and the denominator of which is 4

reduced by the number of factors other than the sales factor which have a denominator of zero and by an additional 2 if the sales factor has a denominator of zero. For tax years ending on or after December 31, 1998, and except as otherwise provided by this Section, persons other than residents who derive business income from this State and one or more other states shall compute their apportionment factor by weighting their property, payroll, and sales factors as provided in subsection (h) of this Section.

(1) Property factor.

(A) The property factor is a fraction, the numerator of which is the average value of the person's real and tangible personal property owned or rented and used in the trade or business in this State during the taxable year and the denominator of which is the average value of all the person's real and tangible personal property owned or rented and used in the trade or business during the taxable year.

(B) Property owned by the person is valued at its original cost. Property rented by the person is valued at 8 times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the person less any annual rental rate received by the person from sub-rentals.

(C) The average value of property shall be determined by averaging the values at the beginning and ending of the

taxable year, but the Director may require the averaging of monthly values during the taxable year if reasonably required to reflect properly the average value of the person's property.

(2) Payroll factor.

(A) The payroll factor is a fraction, the numerator of which is the total amount paid in this State during the taxable year by the person for compensation, and the denominator of which is the total compensation paid everywhere during the taxable year.

(B) Compensation is paid in this State if:

(i) The individual's service is performed entirely within this State;

(ii) The individual's service is performed both within and without this State, but the service performed without this State is incidental to the individual's service performed within this State; or

(iii) For tax years ending prior to December 31, 2020, some of the service is performed within this State and either the base of operations, or if there is no base of operations, the place from which the service is directed or controlled is within this State, or the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this

State. For tax years ending on or after December 31, 2020, compensation is paid in this State if some of the individual's service is performed within this State, the individual's service performed within this State is nonincidental to the individual's service performed without this State, and the individual's service is performed within this State for more than 30 working days during the tax year. The amount of compensation paid in this State shall include the portion of the individual's total compensation for services performed on behalf of his or her employer during the tax year which the number of working days spent within this State during the tax year bears to the total number of working days spent both within and without this State during the tax year. For purposes of this paragraph:

(a) The term "working day" means all days during the tax year in which the individual performs duties on behalf of his or her employer. All days in which the individual performs no duties on behalf of his or her employer (e.g., weekends, vacation days, sick days, and holidays) are not working days.

(b) A working day is spent within this State if:

(1) the individual performs service on behalf of the employer and a greater amount of

time on that day is spent by the individual performing duties on behalf of the employer within this State, without regard to time spent traveling, than is spent performing duties on behalf of the employer without this State; or

(2) the only service the individual performs on behalf of the employer on that day is traveling to a destination within this State, and the individual arrives on that day.

(c) Working days spent within this State do not include any day in which the employee is performing services in this State during a disaster period solely in response to a request made to his or her employer by the government of this State, by any political subdivision of this State, or by a person conducting business in this State to perform disaster or emergency-related services in this State. For purposes of this item (c):

"Declared State disaster or emergency" means a disaster or emergency event (i) for which a Governor's proclamation of a state of emergency has been issued or (ii) for which a Presidential declaration of a federal major disaster or emergency has been issued.

"Disaster period" means a period that begins 10 days prior to the date of the Governor's proclamation or the President's declaration (whichever is earlier) and extends for a period of 60 calendar days after the end of the declared disaster or emergency period.

"Disaster or emergency-related services" means repairing, renovating, installing, building, or rendering services or conducting other business activities that relate to infrastructure that has been damaged, impaired, or destroyed by the declared State disaster or emergency.

"Infrastructure" means property and equipment owned or used by a public utility, communications network, broadband and Internet ~~internet~~ service provider, cable and video service provider, electric or gas distribution system, or water pipeline that provides service to more than one customer or person, including related support facilities. "Infrastructure" includes, but is not limited to, real and personal property such as buildings, offices, power lines, cable lines, poles, communications lines, pipes, structures, and equipment.

(iv) Compensation paid to nonresident professional athletes.

(a) General. The Illinois source income of a nonresident individual who is a member of a professional athletic team includes the portion of the individual's total compensation for services performed as a member of a professional athletic team during the taxable year which the number of duty days spent within this State performing services for the team in any manner during the taxable year bears to the total number of duty days spent both within and without this State during the taxable year.

(b) Travel days. Travel days that do not involve either a game, practice, team meeting, or other similar team event are not considered duty days spent in this State. However, such travel days are considered in the total duty days spent both within and without this State.

(c) Definitions. For purposes of this subpart (iv):

(1) The term "professional athletic team" includes, but is not limited to, any professional baseball, basketball, football, soccer, or hockey team.

(2) The term "member of a professional athletic team" includes those employees who are

active players, players on the disabled list, and any other persons required to travel and who travel with and perform services on behalf of a professional athletic team on a regular basis. This includes, but is not limited to, coaches, managers, and trainers.

(3) Except as provided in items (C) and (D) of this subpart (3), the term "duty days" means all days during the taxable year from the beginning of the professional athletic team's official pre-season training period through the last game in which the team competes or is scheduled to compete. Duty days shall be counted for the year in which they occur, including where a team's official pre-season training period through the last game in which the team competes or is scheduled to compete, occurs during more than one tax year.

(A) Duty days shall also include days on which a member of a professional athletic team performs service for a team on a date that does not fall within the foregoing period (e.g., participation in instructional leagues, the "All Star Game", or promotional "caravans"). Performing a service for a professional athletic team includes conducting

training and rehabilitation activities, when such activities are conducted at team facilities.

(B) Also included in duty days are game days, practice days, days spent at team meetings, promotional caravans, preseason training camps, and days served with the team through all post-season games in which the team competes or is scheduled to compete.

(C) Duty days for any person who joins a team during the period from the beginning of the professional athletic team's official pre-season training period through the last game in which the team competes, or is scheduled to compete, shall begin on the day that person joins the team. Conversely, duty days for any person who leaves a team during this period shall end on the day that person leaves the team. Where a person switches teams during a taxable year, a separate duty-day calculation shall be made for the period the person was with each team.

(D) Days for which a member of a professional athletic team is not compensated and is not performing services for the team in any manner, including days when such member of

a professional athletic team has been suspended without pay and prohibited from performing any services for the team, shall not be treated as duty days.

(E) Days for which a member of a professional athletic team is on the disabled list and does not conduct rehabilitation activities at facilities of the team, and is not otherwise performing services for the team in Illinois, shall not be considered duty days spent in this State. All days on the disabled list, however, are considered to be included in total duty days spent both within and without this State.

(4) The term "total compensation for services performed as a member of a professional athletic team" means the total compensation received during the taxable year for services performed:

(A) from the beginning of the official pre-season training period through the last game in which the team competes or is scheduled to compete during that taxable year; and

(B) during the taxable year on a date which does not fall within the foregoing period (e.g., participation in instructional

leagues, the "All Star Game", or promotional caravans).

This compensation shall include, but is not limited to, salaries, wages, bonuses as described in this subpart, and any other type of compensation paid during the taxable year to a member of a professional athletic team for services performed in that year. This compensation does not include strike benefits, severance pay, termination pay, contract or option year buy-out payments, expansion or relocation payments, or any other payments not related to services performed for the team.

For purposes of this subparagraph, "bonuses" included in "total compensation for services performed as a member of a professional athletic team" subject to the allocation described in Section 302(c)(1) are: bonuses earned as a result of play (i.e., performance bonuses) during the season, including bonuses paid for championship, playoff or "bowl" games played by a team, or for selection to all-star league or other honorary positions; and bonuses paid for signing a contract, unless the payment of the signing bonus is not conditional upon the signee playing any games for the team or performing any subsequent

services for the team or even making the team, the signing bonus is payable separately from the salary and any other compensation, and the signing bonus is nonrefundable.

(3) Sales factor.

(A) The sales factor is a fraction, the numerator of which is the total sales of the person in this State during the taxable year, and the denominator of which is the total sales of the person everywhere during the taxable year.

(B) Sales of tangible personal property are in this State if:

(i) The property is delivered or shipped to a purchaser, other than the United States government, within this State regardless of the f. o. b. point or other conditions of the sale; or

(ii) The property is shipped from an office, store, warehouse, factory or other place of storage in this State and either the purchaser is the United States government or the person is not taxable in the state of the purchaser; provided, however, that premises owned or leased by a person who has independently contracted with the seller for the printing of newspapers, periodicals or books shall not be deemed to be an office, store, warehouse, factory or other place of storage for purposes of this

Section. Sales of tangible personal property are not in this State if the seller and purchaser would be members of the same unitary business group but for the fact that either the seller or purchaser is a person with 80% or more of total business activity outside of the United States and the property is purchased for resale.

(B-1) Patents, copyrights, trademarks, and similar items of intangible personal property.

(i) Gross receipts from the licensing, sale, or other disposition of a patent, copyright, trademark, or similar item of intangible personal property, other than gross receipts governed by paragraph (B-7) of this item (3), are in this State to the extent the item is utilized in this State during the year the gross receipts are included in gross income.

(ii) Place of utilization.

(I) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state. If a patent is utilized in more than one state, the extent to which it is utilized in any one state shall be a fraction equal to the gross receipts of the licensee or purchaser from sales or leases of items produced,

fabricated, manufactured, or processed within that state using the patent and of patented items produced within that state, divided by the total of such gross receipts for all states in which the patent is utilized.

(II) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If a copyright is utilized in more than one state, the extent to which it is utilized in any one state shall be a fraction equal to the gross receipts from sales or licenses of materials printed or published in that state divided by the total of such gross receipts for all states in which the copyright is utilized.

(III) Trademarks and other items of intangible personal property governed by this paragraph (B-1) are utilized in the state in which the commercial domicile of the licensee or purchaser is located.

(iii) If the state of utilization of an item of property governed by this paragraph (B-1) cannot be determined from the taxpayer's books and records or from the books and records of any person related to the taxpayer within the meaning of Section 267(b) of the Internal Revenue Code, 26 U.S.C. 267, the gross receipts attributable to that item shall be excluded from both the numerator and the denominator of the

sales factor.

(B-2) Gross receipts from the license, sale, or other disposition of patents, copyrights, trademarks, and similar items of intangible personal property, other than gross receipts governed by paragraph (B-7) of this item (3), may be included in the numerator or denominator of the sales factor only if gross receipts from licenses, sales, or other disposition of such items comprise more than 50% of the taxpayer's total gross receipts included in gross income during the tax year and during each of the 2 immediately preceding tax years; provided that, when a taxpayer is a member of a unitary business group, such determination shall be made on the basis of the gross receipts of the entire unitary business group.

(B-5) For taxable years ending on or after December 31, 2008, except as provided in subsections (ii) through (vii), receipts from the sale of telecommunications service or mobile telecommunications service are in this State if the customer's service address is in this State.

(i) For purposes of this subparagraph (B-5), the following terms have the following meanings:

"Ancillary services" means services that are associated with or incidental to the provision of "telecommunications services", including, but not limited to, "detailed telecommunications billing", "directory assistance", "vertical service", and "voice

mail services".

"Air-to-Ground Radiotelephone service" means a radio service, as that term is defined in 47 CFR 22.99, in which common carriers are authorized to offer and provide radio telecommunications service for hire to subscribers in aircraft.

"Call-by-call Basis" means any method of charging for telecommunications services where the price is measured by individual calls.

"Communications Channel" means a physical or virtual path of communications over which signals are transmitted between or among customer channel termination points.

"Conference bridging service" means an "ancillary service" that links two or more participants of an audio or video conference call and may include the provision of a telephone number. "Conference bridging service" does not include the "telecommunications services" used to reach the conference bridge.

"Customer Channel Termination Point" means the location where the customer either inputs or receives the communications.

"Detailed telecommunications billing service" means an "ancillary service" of separately stating information pertaining to individual calls on a customer's billing statement.

"Directory assistance" means an "ancillary service" of providing telephone number information, and/or address information.

"Home service provider" means the facilities based carrier or reseller with which the customer contracts for the provision of mobile telecommunications services.

"Mobile telecommunications service" means commercial mobile radio service, as defined in Section 20.3 of Title 47 of the Code of Federal Regulations as in effect on June 1, 1999.

"Place of primary use" means the street address representative of where the customer's use of the telecommunications service primarily occurs, which must be the residential street address or the primary business street address of the customer. In the case of mobile telecommunications services, "place of primary use" must be within the licensed service area of the home service provider.

"Post-paid telecommunication service" means the telecommunications service obtained by making a payment on a call-by-call basis either through the use of a credit card or payment mechanism such as a bank card, travel card, credit card, or debit card, or by charge made to a telephone number which is not associated with the origination or termination of the

telecommunications service. A post-paid calling service includes telecommunications service, except a prepaid wireless calling service, that would be a prepaid calling service except it is not exclusively a telecommunication service.

"Prepaid telecommunication service" means the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount.

"Prepaid Mobile telecommunication service" means a telecommunications service that provides the right to utilize mobile wireless service as well as other non-telecommunication services, including, but not limited to, ancillary services, which must be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount.

"Private communication service" means a telecommunication service that entitles the customer to exclusive or priority use of a communications channel or group of channels between or among termination points, regardless of the manner in which

such channel or channels are connected, and includes switching capacity, extension lines, stations, and any other associated services that are provided in connection with the use of such channel or channels.

"Service address" means:

(a) The location of the telecommunications equipment to which a customer's call is charged and from which the call originates or terminates, regardless of where the call is billed or paid;

(b) If the location in line (a) is not known, service address means the origination point of the signal of the telecommunications services first identified by either the seller's telecommunications system or in information received by the seller from its service provider where the system used to transport such signals is not that of the seller; and

(c) If the locations in line (a) and line (b) are not known, the service address means the location of the customer's place of primary use.

"Telecommunications service" means the electronic transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points. The term "telecommunications service" includes such transmission, conveyance, or routing in which computer

processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such service is referred to as voice over Internet protocol services or is classified by the Federal Communications Commission as enhanced or value added. "Telecommunications service" does not include:

(a) Data processing and information services that allow data to be generated, acquired, stored, processed, or retrieved and delivered by an electronic transmission to a purchaser when such purchaser's primary purpose for the underlying transaction is the processed data or information;

(b) Installation or maintenance of wiring or equipment on a customer's premises;

(c) Tangible personal property;

(d) Advertising, including, but not limited to, directory advertising;

(e) Billing and collection services provided to third parties;

(f) Internet access service;

(g) Radio and television audio and video programming services, regardless of the medium, including the furnishing of transmission, conveyance and routing of such services by the programming service provider. Radio and television

audio and video programming services shall include, but not be limited to, cable service as defined in 47 USC 522(6) and audio and video programming services delivered by commercial mobile radio service providers, as defined in 47 CFR 20.3;

(h) "Ancillary services"; or

(i) Digital products "delivered electronically", including, but not limited to, software, music, video, reading materials or ringtones ~~ring tones~~.

"Vertical service" means an "ancillary service" that is offered in connection with one or more "telecommunications services", which offers advanced calling features that allow customers to identify callers and to manage multiple calls and call connections, including "conference bridging services".

"Voice mail service" means an "ancillary service" that enables the customer to store, send or receive recorded messages. "Voice mail service" does not include any "vertical services" that the customer may be required to have in order to utilize the "voice mail service".

(ii) Receipts from the sale of telecommunications service sold on an individual call-by-call basis are in this State if either of the following applies:

(a) The call both originates and terminates in this State.

(b) The call either originates or terminates in this State and the service address is located in this State.

(iii) Receipts from the sale of postpaid telecommunications service at retail are in this State if the origination point of the telecommunication signal, as first identified by the service provider's telecommunication system or as identified by information received by the seller from its service provider if the system used to transport telecommunication signals is not the seller's, is located in this State.

(iv) Receipts from the sale of prepaid telecommunications service or prepaid mobile telecommunications service at retail are in this State if the purchaser obtains the prepaid card or similar means of conveyance at a location in this State. Receipts from recharging a prepaid telecommunications service or mobile telecommunications service is in this State if the purchaser's billing information indicates a location in this State.

(v) Receipts from the sale of private communication services are in this State as follows:

(a) 100% of receipts from charges imposed at

each channel termination point in this State.

(b) 100% of receipts from charges for the total channel mileage between each channel termination point in this State.

(c) 50% of the total receipts from charges for service segments when those segments are between 2 customer channel termination points, 1 of which is located in this State and the other is located outside of this State, which segments are separately charged.

(d) The receipts from charges for service segments with a channel termination point located in this State and in two or more other states, and which segments are not separately billed, are in this State based on a percentage determined by dividing the number of customer channel termination points in this State by the total number of customer channel termination points.

(vi) Receipts from charges for ancillary services for telecommunications service sold to customers at retail are in this State if the customer's primary place of use of telecommunications services associated with those ancillary services is in this State. If the seller of those ancillary services cannot determine where the associated telecommunications are located, then the ancillary services shall be based on the

location of the purchaser.

(vii) Receipts to access a carrier's network or from the sale of telecommunication services or ancillary services for resale are in this State as follows:

(a) 100% of the receipts from access fees attributable to intrastate telecommunications service that both originates and terminates in this State.

(b) 50% of the receipts from access fees attributable to interstate telecommunications service if the interstate call either originates or terminates in this State.

(c) 100% of the receipts from interstate end user access line charges, if the customer's service address is in this State. As used in this subdivision, "interstate end user access line charges" includes, but is not limited to, the surcharge approved by the federal communications commission and levied pursuant to 47 CFR 69.

(d) Gross receipts from sales of telecommunication services or from ancillary services for telecommunications services sold to other telecommunication service providers for resale shall be sourced to this State using the apportionment concepts used for non-resale

receipts of telecommunications services if the information is readily available to make that determination. If the information is not readily available, then the taxpayer may use any other reasonable and consistent method.

(B-7) For taxable years ending on or after December 31, 2008, receipts from the sale of broadcasting services are in this State if the broadcasting services are received in this State. For purposes of this paragraph (B-7), the following terms have the following meanings:

"Advertising revenue" means consideration received by the taxpayer in exchange for broadcasting services or allowing the broadcasting of commercials or announcements in connection with the broadcasting of film or radio programming, from sponsorships of the programming, or from product placements in the programming.

"Audience factor" means the ratio that the audience or subscribers located in this State of a station, a network, or a cable system bears to the total audience or total subscribers for that station, network, or cable system. The audience factor for film or radio programming shall be determined by reference to the books and records of the taxpayer or by reference to published rating statistics provided the method used by the taxpayer is consistently used from

year to year for this purpose and fairly represents the taxpayer's activity in this State.

"Broadcast" or "broadcasting" or "broadcasting services" means the transmission or provision of film or radio programming, whether through the public airwaves, by cable, by direct or indirect satellite transmission, or by any other means of communication, either through a station, a network, or a cable system.

"Film" or "film programming" means the broadcast on television of any and all performances, events, or productions, including, but not limited to, news, sporting events, plays, stories, or other literary, commercial, educational, or artistic works, either live or through the use of video tape, disc, or any other type of format or medium. Each episode of a series of films produced for television shall constitute a separate "film" notwithstanding that the series relates to the same principal subject and is produced during one or more tax periods.

"Radio" or "radio programming" means the broadcast on radio of any and all performances, events, or productions, including, but not limited to, news, sporting events, plays, stories, or other literary, commercial, educational, or artistic works, either live or through the use of an audio tape, disc, or any

other format or medium. Each episode in a series of radio programming produced for radio broadcast shall constitute a separate "radio programming" notwithstanding that the series relates to the same principal subject and is produced during one or more tax periods.

(i) In the case of advertising revenue from broadcasting, the customer is the advertiser and the service is received in this State if the commercial domicile of the advertiser is in this State.

(ii) In the case where film or radio programming is broadcast by a station, a network, or a cable system for a fee or other remuneration received from the recipient of the broadcast, the portion of the service that is received in this State is measured by the portion of the recipients of the broadcast located in this State. Accordingly, the fee or other remuneration for such service that is included in the Illinois numerator of the sales factor is the total of those fees or other remuneration received from recipients in Illinois. For purposes of this paragraph, a taxpayer may determine the location of the recipients of its broadcast using the address of the recipient shown in its contracts

with the recipient or using the billing address of the recipient in the taxpayer's records.

(iii) In the case where film or radio programming is broadcast by a station, a network, or a cable system for a fee or other remuneration from the person providing the programming, the portion of the broadcast service that is received by such station, network, or cable system in this State is measured by the portion of recipients of the broadcast located in this State. Accordingly, the amount of revenue related to such an arrangement that is included in the Illinois numerator of the sales factor is the total fee or other total remuneration from the person providing the programming related to that broadcast multiplied by the Illinois audience factor for that broadcast.

(iv) In the case where film or radio programming is provided by a taxpayer that is a network or station to a customer for broadcast in exchange for a fee or other remuneration from that customer the broadcasting service is received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. Accordingly, in such a case the revenue derived by

the taxpayer that is included in the taxpayer's Illinois numerator of the sales factor is the revenue from such customers who receive the broadcasting service in Illinois.

(v) In the case where film or radio programming is provided by a taxpayer that is not a network or station to another person for broadcasting in exchange for a fee or other remuneration from that person, the broadcasting service is received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. Accordingly, in such a case the revenue derived by the taxpayer that is included in the taxpayer's Illinois numerator of the sales factor is the revenue from such customers who receive the broadcasting service in Illinois.

(B-8) Gross receipts from winnings under the Illinois Lottery Law from the assignment of a prize under Section 13.1 of the Illinois Lottery Law are received in this State. This paragraph (B-8) applies only to taxable years ending on or after December 31, 2013.

(B-9) For taxable years ending on or after December 31, 2019, gross receipts from winnings from pari-mutuel wagering conducted at a wagering facility licensed under the Illinois Horse Racing Act of 1975 or from winnings

from gambling games conducted on a riverboat or in a casino or organization gaming facility licensed under the Illinois Gambling Act are in this State.

(B-10) For taxable years ending on or after December 31, 2021, gross receipts from winnings from sports wagering conducted in accordance with the Sports Wagering Act are in this State.

(C) For taxable years ending before December 31, 2008, sales, other than sales governed by paragraphs (B), (B-1), (B-2), and (B-8) are in this State if:

(i) The income-producing activity is performed in this State; or

(ii) The income-producing activity is performed both within and without this State and a greater proportion of the income-producing activity is performed within this State than without this State, based on performance costs.

(C-5) For taxable years ending on or after December 31, 2008, sales, other than sales governed by paragraphs (B), (B-1), (B-2), (B-5), and (B-7), are in this State if any of the following criteria are met:

(i) Sales from the sale or lease of real property are in this State if the property is located in this State.

(ii) Sales from the lease or rental of tangible personal property are in this State if the property is

located in this State during the rental period. Sales from the lease or rental of tangible personal property that is characteristically moving property, including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are in this State to the extent that the property is used in this State.

(iii) In the case of interest, net gains (but not less than zero) and other items of income from intangible personal property, the sale is in this State if:

(a) in the case of a taxpayer who is a dealer in the item of intangible personal property within the meaning of Section 475 of the Internal Revenue Code, the income or gain is received from a customer in this State. For purposes of this subparagraph, a customer is in this State if the customer is an individual, trust or estate who is a resident of this State and, for all other customers, if the customer's commercial domicile is in this State. Unless the dealer has actual knowledge of the residence or commercial domicile of a customer during a taxable year, the customer shall be deemed to be a customer in this State if the billing address of the customer, as shown in the records of the dealer, is in this State; ~~or~~

(a-5) in the case of the sale or exchange of shares in a Subchapter S corporation or an interest in a partnership, other than an investment partnership as defined in paragraph (11.5) of subsection (a) of Section 1501, the Subchapter S corporation or partnership was taxable in this State; for purposes of this subparagraph, the amount attributable to this State shall be determined in proportion to the average of the pass-through entity's Illinois apportionment factor computed under this Section in the year of the sale or exchange and the 2 tax years immediately preceding the year of the sale or exchange; if the pass-through entity was not in existence during both of the preceding 2 years, then only the years in which the pass-through entity was in existence shall be considered when computing the average; or

(b) in all other cases, if the income-producing activity of the taxpayer is performed in this State or, if the income-producing activity of the taxpayer is performed both within and without this State, if a greater proportion of the income-producing activity of the taxpayer is performed within this State than in any other state, based on

performance costs.

(iv) Sales of services are in this State if the services are received in this State. For the purposes of this section, gross receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where that corporation, partnership, or trust has a fixed place of business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of business, the services shall be deemed to be received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the services shall be deemed to be received at the office of the customer to which the services are billed. If the taxpayer is not taxable in the state in which the services are received, the sale must be excluded from both the numerator and the denominator of the sales factor. The Department shall adopt rules prescribing where specific types of service are received, including, but not limited to, publishing, and utility service.

(D) For taxable years ending on or after December 31, 1995, the following items of income shall not be included

in the numerator or denominator of the sales factor: dividends; amounts included under Section 78 of the Internal Revenue Code; and Subpart F income as defined in Section 952 of the Internal Revenue Code. No inference shall be drawn from the enactment of this paragraph (D) in construing this Section for taxable years ending before December 31, 1995.

(E) Paragraphs (B-1) and (B-2) shall apply to tax years ending on or after December 31, 1999, provided that a taxpayer may elect to apply the provisions of these paragraphs to prior tax years. Such election shall be made in the form and manner prescribed by the Department, shall be irrevocable, and shall apply to all tax years; provided that, if a taxpayer's Illinois income tax liability for any tax year, as assessed under Section 903 prior to January 1, 1999, was computed in a manner contrary to the provisions of paragraphs (B-1) or (B-2), no refund shall be payable to the taxpayer for that tax year to the extent such refund is the result of applying the provisions of paragraph (B-1) or (B-2) retroactively. In the case of a unitary business group, such election shall apply to all members of such group for every tax year such group is in existence, but shall not apply to any taxpayer for any period during which that taxpayer is not a member of such group.

(b) Insurance companies.

(1) In general. Except as otherwise provided by paragraph (2), business income of an insurance company for a taxable year shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the direct premiums written for insurance upon property or risk in this State, and the denominator of which is the direct premiums written for insurance upon property or risk everywhere. For purposes of this subsection, the term "direct premiums written" means the total amount of direct premiums written, assessments and annuity considerations as reported for the taxable year on the annual statement filed by the company with the Illinois Director of Insurance in the form approved by the National Convention of Insurance Commissioners or such other form as may be prescribed in lieu thereof.

(2) Reinsurance. If the principal source of premiums written by an insurance company consists of premiums for reinsurance accepted by it, the business income of such company shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the sum of (i) direct premiums written for insurance upon property or risk in this State, plus (ii) premiums written for reinsurance accepted in respect of property or risk in this State, and the denominator of which is the sum of (iii) direct premiums written for insurance upon property or risk everywhere, plus (iv) premiums written for

reinsurance accepted in respect of property or risk everywhere. For purposes of this paragraph, premiums written for reinsurance accepted in respect of property or risk in this State, whether or not otherwise determinable, may, at the election of the company, be determined on the basis of the proportion which premiums written for reinsurance accepted from companies commercially domiciled in Illinois bears to premiums written for reinsurance accepted from all sources, or, alternatively, in the proportion which the sum of the direct premiums written for insurance upon property or risk in this State by each ceding company from which reinsurance is accepted bears to the sum of the total direct premiums written by each such ceding company for the taxable year. The election made by a company under this paragraph for its first taxable year ending on or after December 31, 2011, shall be binding for that company for that taxable year and for all subsequent taxable years, and may be altered only with the written permission of the Department, which shall not be unreasonably withheld.

(c) Financial organizations.

(1) In general. For taxable years ending before December 31, 2008, business income of a financial organization shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is its business income from sources within this

State, and the denominator of which is its business income from all sources. For the purposes of this subsection, the business income of a financial organization from sources within this State is the sum of the amounts referred to in subparagraphs (A) through (E) following, but excluding the adjusted income of an international banking facility as determined in paragraph (2):

(A) Fees, commissions or other compensation for financial services rendered within this State;

(B) Gross profits from trading in stocks, bonds or other securities managed within this State;

(C) Dividends, and interest from Illinois customers, which are received within this State;

(D) Interest charged to customers at places of business maintained within this State for carrying debit balances of margin accounts, without deduction of any costs incurred in carrying such accounts; and

(E) Any other gross income resulting from the operation as a financial organization within this State.

In computing the amounts referred to in paragraphs (A) through (E) of this subsection, any amount received by a member of an affiliated group (determined under Section 1504(a) of the Internal Revenue Code but without reference to whether any such corporation is an "includible corporation" under Section 1504(b) of the Internal Revenue

Code) from another member of such group shall be included only to the extent such amount exceeds expenses of the recipient directly related thereto.

(2) International Banking Facility. For taxable years ending before December 31, 2008:

(A) Adjusted Income. The adjusted income of an international banking facility is its income reduced by the amount of the floor amount.

(B) Floor Amount. The floor amount shall be the amount, if any, determined by multiplying the income of the international banking facility by a fraction, not greater than one, which is determined as follows:

(i) The numerator shall be:

The average aggregate, determined on a quarterly basis, of the financial organization's loans to banks in foreign countries, to foreign domiciled borrowers (except where secured primarily by real estate) and to foreign governments and other foreign official institutions, as reported for its branches, agencies and offices within the state on its "Consolidated Report of Condition", Schedule A, Lines 2.c., 5.b., and 7.a., which was filed with the Federal Deposit Insurance Corporation and other regulatory authorities, for the year 1980, minus

The average aggregate, determined on a quarterly basis, of such loans (other than loans of an international banking facility), as reported by the financial institution for its branches, agencies and offices within the state, on the corresponding Schedule and lines of the Consolidated Report of Condition for the current taxable year, provided, however, that in no case shall the amount determined in this clause (the subtrahend) exceed the amount determined in the preceding clause (the minuend); and

(ii) the denominator shall be the average aggregate, determined on a quarterly basis, of the international banking facility's loans to banks in foreign countries, to foreign domiciled borrowers (except where secured primarily by real estate) and to foreign governments and other foreign official institutions, which were recorded in its financial accounts for the current taxable year.

(C) Change to Consolidated Report of Condition and in Qualification. In the event the Consolidated Report of Condition which is filed with the Federal Deposit Insurance Corporation and other regulatory authorities is altered so that the information required for determining the floor amount is not found on Schedule A, lines 2.c., 5.b. and 7.a., the financial

institution shall notify the Department and the Department may, by regulations or otherwise, prescribe or authorize the use of an alternative source for such information. The financial institution shall also notify the Department should its international banking facility fail to qualify as such, in whole or in part, or should there be any amendment or change to the Consolidated Report of Condition, as originally filed, to the extent such amendment or change alters the information used in determining the floor amount.

(3) For taxable years ending on or after December 31, 2008, the business income of a financial organization shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is its gross receipts from sources in this State or otherwise attributable to this State's marketplace and the denominator of which is its gross receipts everywhere during the taxable year. "Gross receipts" for purposes of this subparagraph (3) means gross income, including net taxable gain on disposition of assets, including securities and money market instruments, when derived from transactions and activities in the regular course of the financial organization's trade or business. The following examples are illustrative:

(i) Receipts from the lease or rental of real or tangible personal property are in this State if the

property is located in this State during the rental period. Receipts from the lease or rental of tangible personal property that is characteristically moving property, including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are from sources in this State to the extent that the property is used in this State.

(ii) Interest income, commissions, fees, gains on disposition, and other receipts from assets in the nature of loans that are secured primarily by real estate or tangible personal property are from sources in this State if the security is located in this State.

(iii) Interest income, commissions, fees, gains on disposition, and other receipts from consumer loans that are not secured by real or tangible personal property are from sources in this State if the debtor is a resident of this State.

(iv) Interest income, commissions, fees, gains on disposition, and other receipts from commercial loans and installment obligations that are not secured by real or tangible personal property are from sources in this State if the proceeds of the loan are to be applied in this State. If it cannot be determined where the funds are to be applied, the income and receipts are from sources in this State if the office of the borrower from which the loan was negotiated in

the regular course of business is located in this State. If the location of this office cannot be determined, the income and receipts shall be excluded from the numerator and denominator of the sales factor.

(v) Interest income, fees, gains on disposition, service charges, merchant discount income, and other receipts from credit card receivables are from sources in this State if the card charges are regularly billed to a customer in this State.

(vi) Receipts from the performance of services, including, but not limited to, fiduciary, advisory, and brokerage services, are in this State if the services are received in this State within the meaning of subparagraph (a)(3)(C-5)(iv) of this Section.

(vii) Receipts from the issuance of travelers checks and money orders are from sources in this State if the checks and money orders are issued from a location within this State.

(viii) For tax years ending before December 31, 2024, receipts from investment assets and activities and trading assets and activities are included in the receipts factor as follows:

(1) Interest, dividends, net gains (but not less than zero) and other income from investment assets and activities from trading assets and

activities shall be included in the receipts factor. Investment assets and activities and trading assets and activities include, but are not limited to: investment securities; trading account assets; federal funds; securities purchased and sold under agreements to resell or repurchase; options; futures contracts; forward contracts; notional principal contracts such as swaps; equities; and foreign currency transactions. With respect to the investment and trading assets and activities described in subparagraphs (A) and (B) of this paragraph, the receipts factor shall include the amounts described in such subparagraphs.

(A) The receipts factor shall include the amount by which interest from federal funds sold and securities purchased under resale agreements exceeds interest expense on federal funds purchased and securities sold under repurchase agreements.

(B) The receipts factor shall include the amount by which interest, dividends, gains and other income from trading assets and activities, including, but not limited to, assets and activities in the matched book, in the arbitrage book, and foreign currency

transactions, exceed amounts paid in lieu of interest, amounts paid in lieu of dividends, and losses from such assets and activities.

(2) The numerator of the receipts factor includes interest, dividends, net gains (but not less than zero), and other income from investment assets and activities and from trading assets and activities described in paragraph (1) of this subsection that are attributable to this State.

(A) The amount of interest, dividends, net gains (but not less than zero), and other income from investment assets and activities in the investment account to be attributed to this State and included in the numerator is determined by multiplying all such income from such assets and activities by a fraction, the numerator of which is the gross income from such assets and activities which are properly assigned to a fixed place of business of the taxpayer within this State and the denominator of which is the gross income from all such assets and activities.

(B) The amount of interest from federal funds sold and purchased and from securities purchased under resale agreements and securities sold under repurchase agreements

attributable to this State and included in the numerator is determined by multiplying the amount described in subparagraph (A) of paragraph (1) of this subsection from such funds and such securities by a fraction, the numerator of which is the gross income from such funds and such securities which are properly assigned to a fixed place of business of the taxpayer within this State and the denominator of which is the gross income from all such funds and such securities.

(C) The amount of interest, dividends, gains, and other income from trading assets and activities, including, but not limited to, assets and activities in the matched book, in the arbitrage book and foreign currency transactions (but excluding amounts described in subparagraphs (A) or (B) of this paragraph), attributable to this State and included in the numerator is determined by multiplying the amount described in subparagraph (B) of paragraph (1) of this subsection by a fraction, the numerator of which is the gross income from such trading assets and activities which are properly assigned to a fixed place of business of the

taxpayer within this State and the denominator of which is the gross income from all such assets and activities.

(D) Properly assigned, for purposes of this paragraph (2) of this subsection, means the investment or trading asset or activity is assigned to the fixed place of business with which it has a preponderance of substantive contacts. An investment or trading asset or activity assigned by the taxpayer to a fixed place of business without the State shall be presumed to have been properly assigned if:

(i) the taxpayer has assigned, in the regular course of its business, such asset or activity on its records to a fixed place of business consistent with federal or state regulatory requirements;

(ii) such assignment on its records is based upon substantive contacts of the asset or activity to such fixed place of business; and

(iii) the taxpayer uses such records reflecting assignment of such assets or activities for the filing of all state and local tax returns for which an assignment of such assets or activities to a fixed

place of business is required.

(E) The presumption of proper assignment of an investment or trading asset or activity provided in subparagraph (D) of paragraph (2) of this subsection may be rebutted upon a showing by the Department, supported by a preponderance of the evidence, that the preponderance of substantive contacts regarding such asset or activity did not occur at the fixed place of business to which it was assigned on the taxpayer's records. If the fixed place of business that has a preponderance of substantive contacts cannot be determined for an investment or trading asset or activity to which the presumption in subparagraph (D) of paragraph (2) of this subsection does not apply or with respect to which that presumption has been rebutted, that asset or activity is properly assigned to the state in which the taxpayer's commercial domicile is located. For purposes of this subparagraph (E), it shall be presumed, subject to rebuttal, that taxpayer's commercial domicile is in the state of the United States or the District of Columbia to which the greatest number of employees are

regularly connected with the management of the investment or trading income or out of which they are working, irrespective of where the services of such employees are performed, as of the last day of the taxable year.

(ix) For tax years ending on or after December 31, 2024, receipts from investment assets and activities and trading assets and activities are included in the receipts factor as follows:

(1) Interest, dividends, net gains (but not less than zero), and other income from investment assets and activities from trading assets and activities shall be included in the receipts factor. Investment assets and activities and trading assets and activities include, but are not limited to the following: investment securities; trading account assets; federal funds; securities purchased and sold under agreements to resell or repurchase; options; futures contracts; forward contracts; notional principal contracts, such as swaps; equities; and foreign currency transactions. With respect to the investment and trading assets and activities described in subparagraphs (A) and (B) of this paragraph, the receipts factor shall include the amounts described in those subparagraphs.

(A) The receipts factor shall include the amount by which interest from federal funds sold and securities purchased under resale agreements exceeds interest expense on federal funds purchased and securities sold under repurchase agreements.

(B) The receipts factor shall include the amount by which interest, dividends, gains and other income from trading assets and activities, including, but not limited to, assets and activities in the matched book, in the arbitrage book, and foreign currency transactions, exceed amounts paid in lieu of interest, amounts paid in lieu of dividends, and losses from such assets and activities.

(2) The numerator of the receipts factor includes interest, dividends, net gains (but not less than zero), and other income from investment assets and activities and from trading assets and activities described in paragraph (1) of this subsection that are attributable to this State.

(A) The amount of interest, dividends, net gains (but not less than zero), and other income from investment assets and activities in the investment account to be attributed to this State and included in the numerator is

determined by multiplying all of the income from those assets and activities by a fraction, the numerator of which is the total receipts included in the numerator pursuant to items (i) through (vii) of this subparagraph (3) and the denominator of which is all total receipts included in the denominator, other than interest, dividends, net gains (but not less than zero), and other income from investment assets and activities and trading assets and activities.

(B) The amount of interest from federal funds sold and purchased and from securities purchased under resale agreements and securities sold under repurchase agreements attributable to this State and included in the numerator is determined by multiplying the amount described in subparagraph (A) of paragraph (1) of this subsection from such funds and such securities by a fraction, the numerator of which is the total receipts included in the numerator pursuant to items (i) through (vii) of this subparagraph (3) and the denominator of which is all total receipts included in the denominator, other than interest, dividends, net gains (but not less

than zero), and other income from investment assets and activities and trading assets and activities.

(C) The amount of interest, dividends, gains, and other income from trading assets and activities, including, but not limited to, assets and activities in the matched book, in the arbitrage book and foreign currency transactions (but excluding amounts described in subparagraphs (A) or (B) of this paragraph), attributable to this State and included in the numerator is determined by multiplying the amount described in subparagraph (B) of paragraph (1) of this subsection by a fraction, the numerator of which is the total receipts included in the numerator pursuant to items (i) through (vii) of this subparagraph (3) and the denominator of which is all total receipts included in the denominator, other than interest, dividends, net gains (but not less than zero), and other income from investment assets and activities and trading assets and activities.

(4) (Blank).

(5) (Blank).

(c-1) Federally regulated exchanges. For taxable years

ending on or after December 31, 2012, business income of a federally regulated exchange shall, at the option of the federally regulated exchange, be apportioned to this State by multiplying such income by a fraction, the numerator of which is its business income from sources within this State, and the denominator of which is its business income from all sources. For purposes of this subsection, the business income within this State of a federally regulated exchange is the sum of the following:

(1) Receipts attributable to transactions executed on a physical trading floor if that physical trading floor is located in this State.

(2) Receipts attributable to all other matching, execution, or clearing transactions, including without limitation receipts from the provision of matching, execution, or clearing services to another entity, multiplied by (i) for taxable years ending on or after December 31, 2012 but before December 31, 2013, 63.77%; and (ii) for taxable years ending on or after December 31, 2013, 27.54%.

(3) All other receipts not governed by subparagraphs (1) or (2) of this subsection (c-1), to the extent the receipts would be characterized as "sales in this State" under item (3) of subsection (a) of this Section.

"Federally regulated exchange" means (i) a "registered entity" within the meaning of 7 U.S.C. Section 1a(40)(A), (B),

or (C), (ii) an "exchange" or "clearing agency" within the meaning of 15 U.S.C. Section 78c (a)(1) or (23), (iii) any such entities regulated under any successor regulatory structure to the foregoing, and (iv) all taxpayers who are members of the same unitary business group as a federally regulated exchange, determined without regard to the prohibition in Section 1501(a)(27) of this Act against including in a unitary business group taxpayers who are ordinarily required to apportion business income under different subsections of this Section; provided that this subparagraph (iv) shall apply only if 50% or more of the business receipts of the unitary business group determined by application of this subparagraph (iv) for the taxable year are attributable to the matching, execution, or clearing of transactions conducted by an entity described in subparagraph (i), (ii), or (iii) of this paragraph.

In no event shall the Illinois apportionment percentage computed in accordance with this subsection (c-1) for any taxpayer for any tax year be less than the Illinois apportionment percentage computed under this subsection (c-1) for that taxpayer for the first full tax year ending on or after December 31, 2013 for which this subsection (c-1) applied to the taxpayer.

(d) Transportation services. For taxable years ending before December 31, 2008, business income derived from furnishing transportation services shall be apportioned to this State in accordance with paragraphs (1) and (2):

(1) Such business income (other than that derived from transportation by pipeline) shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the revenue miles of the person in this State, and the denominator of which is the revenue miles of the person everywhere. For purposes of this paragraph, a revenue mile is the transportation of 1 passenger or 1 net ton of freight the distance of 1 mile for a consideration. Where a person is engaged in the transportation of both passengers and freight, the fraction above referred to shall be determined by means of an average of the passenger revenue mile fraction and the freight revenue mile fraction, weighted to reflect the person's

(A) relative railway operating income from total passenger and total freight service, as reported to the Interstate Commerce Commission, in the case of transportation by railroad, and

(B) relative gross receipts from passenger and freight transportation, in case of transportation other than by railroad.

(2) Such business income derived from transportation by pipeline shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the revenue miles of the person in this State, and the denominator of which is the revenue miles of the

person everywhere. For the purposes of this paragraph, a revenue mile is the transportation by pipeline of 1 barrel of oil, 1,000 cubic feet of gas, or of any specified quantity of any other substance, the distance of 1 mile for a consideration.

(3) For taxable years ending on or after December 31, 2008, business income derived from providing transportation services other than airline services shall be apportioned to this State by using a fraction, (a) the numerator of which shall be (i) all receipts from any movement or shipment of people, goods, mail, oil, gas, or any other substance (other than by airline) that both originates and terminates in this State, plus (ii) that portion of the person's gross receipts from movements or shipments of people, goods, mail, oil, gas, or any other substance (other than by airline) that originates in one state or jurisdiction and terminates in another state or jurisdiction, that is determined by the ratio that the miles traveled in this State bears to total miles everywhere and (b) the denominator of which shall be all revenue derived from the movement or shipment of people, goods, mail, oil, gas, or any other substance (other than by airline). Where a taxpayer is engaged in the transportation of both passengers and freight, the fraction above referred to shall first be determined separately for passenger miles and freight miles. Then an

average of the passenger miles fraction and the freight miles fraction shall be weighted to reflect the taxpayer's:

(A) relative railway operating income from total passenger and total freight service, as reported to the Surface Transportation Board, in the case of transportation by railroad; and

(B) relative gross receipts from passenger and freight transportation, in case of transportation other than by railroad.

(4) For taxable years ending on or after December 31, 2008, business income derived from furnishing airline transportation services shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the revenue miles of the person in this State, and the denominator of which is the revenue miles of the person everywhere. For purposes of this paragraph, a revenue mile is the transportation of one passenger or one net ton of freight the distance of one mile for a consideration. If a person is engaged in the transportation of both passengers and freight, the fraction above referred to shall be determined by means of an average of the passenger revenue mile fraction and the freight revenue mile fraction, weighted to reflect the person's relative gross receipts from passenger and freight airline transportation.

(e) Combined apportionment. Where 2 or more persons are engaged in a unitary business as described in subsection (a)(27) of Section 1501, a part of which is conducted in this State by one or more members of the group, the business income attributable to this State by any such member or members shall be apportioned by means of the combined apportionment method.

(f) Alternative allocation. If the allocation and apportionment provisions of subsections (a) through (e) and of subsection (h) do not, for taxable years ending before December 31, 2008, fairly represent the extent of a person's business activity in this State, or, for taxable years ending on or after December 31, 2008, fairly represent the market for the person's goods, services, or other sources of business income, the person may petition for, or the Director may, without a petition, permit or require, in respect of all or any part of the person's business activity, if reasonable:

(1) Separate accounting;

(2) The exclusion of any one or more factors;

(3) The inclusion of one or more additional factors which will fairly represent the person's business activities or market in this State; or

(4) The employment of any other method to effectuate an equitable allocation and apportionment of the person's business income.

(g) Cross-reference ~~Cross reference~~. For allocation of business income by residents, see Section 301(a).

(h) For tax years ending on or after December 31, 1998, the apportionment factor of persons who apportion their business income to this State under subsection (a) shall be equal to:

(1) for tax years ending on or after December 31, 1998 and before December 31, 1999, 16 2/3% of the property factor plus 16 2/3% of the payroll factor plus 66 2/3% of the sales factor;

(2) for tax years ending on or after December 31, 1999 and before December 31, 2000, 8 1/3% of the property factor plus 8 1/3% of the payroll factor plus 83 1/3% of the sales factor;

(3) for tax years ending on or after December 31, 2000, the sales factor.

If, in any tax year ending on or after December 31, 1998 and before December 31, 2000, the denominator of the payroll, property, or sales factor is zero, the apportionment factor computed in paragraph (1) or (2) of this subsection for that year shall be divided by an amount equal to 100% minus the percentage weight given to each factor whose denominator is equal to zero.

(Source: P.A. 102-40, eff. 6-25-21; 102-558, eff. 8-20-21; 103-592, eff. 6-7-24; revised 10-16-24.)

(35 ILCS 5/901)

Sec. 901. Collection authority.

(a) In general. The Department shall collect the taxes

imposed by this Act. The Department shall collect certified past due child support amounts under Section 2505-650 of the Department of Revenue Law of the Civil Administrative Code of Illinois. Except as provided in subsections (b), (c), (e), (f), (g), and (h) of this Section, money collected pursuant to subsections (a) and (b) of Section 201 of this Act shall be paid into the General Revenue Fund in the State treasury; money collected pursuant to subsections (c) and (d) of Section 201 of this Act shall be paid into the Personal Property Tax Replacement Fund, a special fund in the State Treasury; and money collected under Section 2505-650 of the Department of Revenue Law of the Civil Administrative Code of Illinois shall be paid into the Child Support Enforcement Trust Fund, a special fund outside the State Treasury, or to the State Disbursement Unit established under Section 10-26 of the Illinois Public Aid Code, as directed by the Department of Healthcare and Family Services.

(b) Local Government Distributive Fund. Beginning August 1, 2017 and continuing through July 31, 2022, the Treasurer shall transfer each month from the General Revenue Fund to the Local Government Distributive Fund an amount equal to the sum of: (i) 6.06% (10% of the ratio of the 3% individual income tax rate prior to 2011 to the 4.95% individual income tax rate after July 1, 2017) of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon individuals, trusts, and estates during the preceding

month; (ii) 6.85% (10% of the ratio of the 4.8% corporate income tax rate prior to 2011 to the 7% corporate income tax rate after July 1, 2017) of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon corporations during the preceding month; and (iii) beginning February 1, 2022, 6.06% of the net revenue realized from the tax imposed by subsection (p) of Section 201 of this Act upon electing pass-through entities. Beginning August 1, 2022 and continuing through July 31, 2023, the Treasurer shall transfer each month from the General Revenue Fund to the Local Government Distributive Fund an amount equal to the sum of: (i) 6.16% of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon individuals, trusts, and estates during the preceding month; (ii) 6.85% of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon corporations during the preceding month; and (iii) 6.16% of the net revenue realized from the tax imposed by subsection (p) of Section 201 of this Act upon electing pass-through entities. Beginning August 1, 2023, the Treasurer shall transfer each month from the General Revenue Fund to the Local Government Distributive Fund an amount equal to the sum of: (i) 6.47% of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon individuals, trusts, and estates during the preceding month; (ii) 6.85% of the net revenue realized from the tax imposed by

subsections (a) and (b) of Section 201 of this Act upon corporations during the preceding month; and (iii) 6.47% of the net revenue realized from the tax imposed by subsection (p) of Section 201 of this Act upon electing pass-through entities. Net revenue realized for a month shall be defined as the revenue from the tax imposed by subsections (a) and (b) of Section 201 of this Act which is deposited into the General Revenue Fund, the Education Assistance Fund, the Income Tax Surcharge Local Government Distributive Fund, the Fund for the Advancement of Education, and the Commitment to Human Services Fund during the month minus the amount paid out of the General Revenue Fund in State warrants during that same month as refunds to taxpayers for overpayment of liability under the tax imposed by subsections (a) and (b) of Section 201 of this Act.

Notwithstanding any provision of law to the contrary, beginning on July 6, 2017 (the effective date of Public Act 100-23), those amounts required under this subsection (b) to be transferred by the Treasurer into the Local Government Distributive Fund from the General Revenue Fund shall be directly deposited into the Local Government Distributive Fund as the revenue is realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act.

(c) Deposits Into Income Tax Refund Fund.

(1) Beginning on January 1, 1989 and thereafter, the Department shall deposit a percentage of the amounts

collected pursuant to subsections (a) and (b)(1), (2), and (3) of Section 201 of this Act into a fund in the State treasury known as the Income Tax Refund Fund. Beginning with State fiscal year 1990 and for each fiscal year thereafter, the percentage deposited into the Income Tax Refund Fund during a fiscal year shall be the Annual Percentage. For fiscal year 2011, the Annual Percentage shall be 8.75%. For fiscal year 2012, the Annual Percentage shall be 8.75%. For fiscal year 2013, the Annual Percentage shall be 9.75%. For fiscal year 2014, the Annual Percentage shall be 9.5%. For fiscal year 2015, the Annual Percentage shall be 10%. For fiscal year 2018, the Annual Percentage shall be 9.8%. For fiscal year 2019, the Annual Percentage shall be 9.7%. For fiscal year 2020, the Annual Percentage shall be 9.5%. For fiscal year 2021, the Annual Percentage shall be 9%. For fiscal year 2022, the Annual Percentage shall be 9.25%. For fiscal year 2023, the Annual Percentage shall be 9.25%. For fiscal year 2024, the Annual Percentage shall be 9.15%. For fiscal year 2025, the Annual Percentage shall be 9.15%. For all other fiscal years, the Annual Percentage shall be calculated as a fraction, the numerator of which shall be the amount of refunds approved for payment by the Department during the preceding fiscal year as a result of overpayment of tax liability under subsections (a) and (b)(1), (2), and (3) of Section 201 of this Act plus the

amount of such refunds remaining approved but unpaid at the end of the preceding fiscal year, minus the amounts transferred into the Income Tax Refund Fund from the Tobacco Settlement Recovery Fund, and the denominator of which shall be the amounts which will be collected pursuant to subsections (a) and (b)(1), (2), and (3) of Section 201 of this Act during the preceding fiscal year; except that in State fiscal year 2002, the Annual Percentage shall in no event exceed 7.6%. The Director of Revenue shall certify the Annual Percentage to the Comptroller on the last business day of the fiscal year immediately preceding the fiscal year for which it is to be effective.

(2) Beginning on January 1, 1989 and thereafter, the Department shall deposit a percentage of the amounts collected pursuant to subsections (a) and (b)(6), (7), and (8), (c) and (d) of Section 201 of this Act into a fund in the State treasury known as the Income Tax Refund Fund. Beginning with State fiscal year 1990 and for each fiscal year thereafter, the percentage deposited into the Income Tax Refund Fund during a fiscal year shall be the Annual Percentage. For fiscal year 2011, the Annual Percentage shall be 17.5%. For fiscal year 2012, the Annual Percentage shall be 17.5%. For fiscal year 2013, the Annual Percentage shall be 14%. For fiscal year 2014, the Annual Percentage shall be 13.4%. For fiscal year 2015,

the Annual Percentage shall be 14%. For fiscal year 2018, the Annual Percentage shall be 17.5%. For fiscal year 2019, the Annual Percentage shall be 15.5%. For fiscal year 2020, the Annual Percentage shall be 14.25%. For fiscal year 2021, the Annual Percentage shall be 14%. For fiscal year 2022, the Annual Percentage shall be 15%. For fiscal year 2023, the Annual Percentage shall be 14.5%. For fiscal year 2024, the Annual Percentage shall be 14%. For fiscal year 2025, the Annual Percentage shall be 14%. For all other fiscal years, the Annual Percentage shall be calculated as a fraction, the numerator of which shall be the amount of refunds approved for payment by the Department during the preceding fiscal year as a result of overpayment of tax liability under subsections (a) and (b)(6), (7), and (8), (c) and (d) of Section 201 of this Act plus the amount of such refunds remaining approved but unpaid at the end of the preceding fiscal year, and the denominator of which shall be the amounts which will be collected pursuant to subsections (a) and (b)(6), (7), and (8), (c) and (d) of Section 201 of this Act during the preceding fiscal year; except that in State fiscal year 2002, the Annual Percentage shall in no event exceed 23%. The Director of Revenue shall certify the Annual Percentage to the Comptroller on the last business day of the fiscal year immediately preceding the fiscal year for which it is to be effective.

(3) The Comptroller shall order transferred and the Treasurer shall transfer from the Tobacco Settlement Recovery Fund to the Income Tax Refund Fund (i) $35,000,000 in January, 2001, (ii) $35,000,000 in January, 2002, and (iii) $35,000,000 in January, 2003.

(d) Expenditures from Income Tax Refund Fund.

(1) Beginning January 1, 1989, money in the Income Tax Refund Fund shall be expended exclusively for the purpose of paying refunds resulting from overpayment of tax liability under Section 201 of this Act and for making transfers pursuant to this subsection (d), except that in State fiscal years 2022 and 2023, moneys in the Income Tax Refund Fund shall also be used to pay one-time rebate payments as provided under Sections 208.5 and 212.1.

(2) The Director shall order payment of refunds resulting from overpayment of tax liability under Section 201 of this Act from the Income Tax Refund Fund only to the extent that amounts collected pursuant to Section 201 of this Act and transfers pursuant to this subsection (d) and item (3) of subsection (c) have been deposited and retained in the Fund.

(3) As soon as possible after the end of each fiscal year, the Director shall order transferred and the State Treasurer and State Comptroller shall transfer from the Income Tax Refund Fund to the Personal Property Tax Replacement Fund an amount, certified by the Director to

the Comptroller, equal to the excess of the amount collected pursuant to subsections (c) and (d) of Section 201 of this Act deposited into the Income Tax Refund Fund during the fiscal year over the amount of refunds resulting from overpayment of tax liability under subsections (c) and (d) of Section 201 of this Act paid from the Income Tax Refund Fund during the fiscal year.

(4) As soon as possible after the end of each fiscal year, the Director shall order transferred and the State Treasurer and State Comptroller shall transfer from the Personal Property Tax Replacement Fund to the Income Tax Refund Fund an amount, certified by the Director to the Comptroller, equal to the excess of the amount of refunds resulting from overpayment of tax liability under subsections (c) and (d) of Section 201 of this Act paid from the Income Tax Refund Fund during the fiscal year over the amount collected pursuant to subsections (c) and (d) of Section 201 of this Act deposited into the Income Tax Refund Fund during the fiscal year.

(4.5) As soon as possible after the end of fiscal year 1999 and of each fiscal year thereafter, the Director shall order transferred and the State Treasurer and State Comptroller shall transfer from the Income Tax Refund Fund to the General Revenue Fund any surplus remaining in the Income Tax Refund Fund as of the end of such fiscal year; excluding for fiscal years 2000, 2001, and 2002 amounts

attributable to transfers under item (3) of subsection (c) less refunds resulting from the earned income tax credit, and excluding for fiscal year 2022 amounts attributable to transfers from the General Revenue Fund authorized by Public Act 102-700. For purposes of this item (4.5), "surplus" means the cash balance in the Income Tax Refund Fund at the end of such fiscal year, less amounts attributable to transfers under item (3) of this subsection (d).

(5) This Act shall constitute an irrevocable and continuing appropriation from the Income Tax Refund Fund for the purposes of (i) paying refunds upon the order of the Director in accordance with the provisions of this Section and (ii) paying one-time rebate payments under Sections 208.5 and 212.1.

(e) Deposits into the Education Assistance Fund and the Income Tax Surcharge Local Government Distributive Fund. On July 1, 1991, and thereafter, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of this Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 7.3% into the Education Assistance Fund in the State Treasury. Beginning July 1, 1991, and continuing through January 31, 1993, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of the Illinois Income Tax Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 3.0% into the Income Tax Surcharge

Local Government Distributive Fund in the State Treasury. Beginning February 1, 1993 and continuing through June 30, 1993, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of the Illinois Income Tax Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 4.4% into the Income Tax Surcharge Local Government Distributive Fund in the State Treasury. Beginning July 1, 1993, and continuing through June 30, 1994, of the amounts collected under subsections (a) and (b) of Section 201 of this Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 1.475% into the Income Tax Surcharge Local Government Distributive Fund in the State Treasury.

(f) Deposits into the Fund for the Advancement of Education. Beginning February 1, 2015, the Department shall deposit the following portions of the revenue realized from the tax imposed upon individuals, trusts, and estates by subsections (a) and (b) of Section 201 of this Act, minus deposits into the Income Tax Refund Fund, into the Fund for the Advancement of Education:

(1) beginning February 1, 2015, and prior to February 1, 2025, 1/30; and

(2) beginning February 1, 2025, 1/26.

If the rate of tax imposed by subsection (a) and (b) of Section 201 is reduced pursuant to Section 201.5 of this Act, the Department shall not make the deposits required by this subsection (f) on or after the effective date of the

reduction.

(g) Deposits into the Commitment to Human Services Fund. Beginning February 1, 2015, the Department shall deposit the following portions of the revenue realized from the tax imposed upon individuals, trusts, and estates by subsections (a) and (b) of Section 201 of this Act, minus deposits into the Income Tax Refund Fund, into the Commitment to Human Services Fund:

(1) beginning February 1, 2015, and prior to February 1, 2025, 1/30; and

(2) beginning February 1, 2025, 1/26.

If the rate of tax imposed by subsection (a) and (b) of Section 201 is reduced pursuant to Section 201.5 of this Act, the Department shall not make the deposits required by this subsection (g) on or after the effective date of the reduction.

(h) Deposits into the Tax Compliance and Administration Fund. Beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098), each month the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department, an amount equal to 1/12 of 5% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department from the tax imposed by subsections (a), (b), (c), and (d) of Section 201 of this Act,

net of deposits into the Income Tax Refund Fund made from those cash receipts.

(Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658, eff. 8-27-21; 102-699, eff. 4-19-22; 102-700, eff. 4-19-22; 102-813, eff. 5-13-22; 103-8, eff. 6-7-23; 103-154, eff. 6-30-23; 103-588, eff. 6-5-24.)

Section 35-20. The Use Tax Act is amended by changing Sections 3-55, 3-61, and 9 as follows:

(35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

Sec. 3-55. Multistate exemption. To prevent actual or likely multistate taxation, the tax imposed by this Act does not apply to the use of tangible personal property in this State under the following circumstances:

(a) The use, in this State, of tangible personal property acquired outside this State by a nonresident individual and brought into this State by the individual for his or her own use while temporarily within this State or while passing through this State.

(b) (Blank).

(c) The use, in this State, by owners or lessors, lessees, or shippers of tangible personal property that is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce as long as so used by the interstate carriers for hire, and equipment operated by a

telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(d) The use, in this State, of tangible personal property that is acquired outside this State and caused to be brought into this State by a person who has already paid a tax in another State in respect to the sale, purchase, or use of that property, to the extent of the amount of the tax properly due and paid in the other State.

(e) The temporary storage, in this State, of tangible personal property that is acquired outside this State and that, after being brought into this State and stored here temporarily, is used solely outside this State or is physically attached to or incorporated into other tangible personal property that is used solely outside this State, or is altered by converting, fabricating, manufacturing, printing, processing, or shaping, and, as altered, is used solely outside this State.

(f) The temporary storage in this State of building materials and fixtures that are acquired either in this State or outside this State by an Illinois registered combination retailer and construction contractor, and that the purchaser thereafter uses outside this State by incorporating that property into real estate located outside this State.

(g) The use or purchase of tangible personal property by a

common carrier by rail or motor that receives the physical possession of the property in Illinois, and that transports the property, or shares with another common carrier in the transportation of the property, out of Illinois on a standard uniform bill of lading showing the seller of the property as the shipper or consignor of the property to a destination outside Illinois, for use outside Illinois.

(h) Except as provided in subsections ~~subsection~~ (h-1) and (h-1.5), the use, in this State, of a motor vehicle that was sold in this State to a nonresident, even though the motor vehicle is delivered to the nonresident in this State, if the motor vehicle is not to be titled in this State, and if a drive-away permit is issued to the motor vehicle as provided in Section 3-603 of the Illinois Vehicle Code or if the nonresident purchaser has vehicle registration plates to transfer to the motor vehicle upon returning to his or her home state. The issuance of the drive-away permit or having the out-of-state registration plates to be transferred shall be prima facie evidence that the motor vehicle will not be titled in this State.

(h-1) The exemption under subsection (h) does not apply if the state in which the motor vehicle will be titled does not allow a reciprocal exemption for the use in that state of a motor vehicle sold and delivered in that state to an Illinois resident but titled in Illinois. The tax collected under this Act on the sale of a motor vehicle in this State to a resident

of another state that does not allow a reciprocal exemption shall be imposed at a rate equal to the state's rate of tax on taxable property in the state in which the purchaser is a resident, except that the tax shall not exceed the tax that would otherwise be imposed under this Act. At the time of the sale, the purchaser shall execute a statement, signed under penalty of perjury, of his or her intent to title the vehicle in the state in which the purchaser is a resident within 30 days after the sale and of the fact of the payment to the State of Illinois of tax in an amount equivalent to the state's rate of tax on taxable property in his or her state of residence and shall submit the statement to the appropriate tax collection agency in his or her state of residence. In addition, the retailer must retain a signed copy of the statement in his or her records. Nothing in this subsection shall be construed to require the removal of the vehicle from this state following the filing of an intent to title the vehicle in the purchaser's state of residence if the purchaser titles the vehicle in his or her state of residence within 30 days after the date of sale. The tax collected under this Act in accordance with this subsection (h-1) shall be proportionately distributed as if the tax were collected at the 6.25% general rate imposed under this Act.

(h-1.5) There is a rebuttable presumption that the exemption under subsection (h) does not apply if the purchaser is a limited liability company and a member of the limited

liability company is a resident of Illinois. This presumption may be rebutted by other evidence, such as evidence the motor vehicle is insured for primary use at an address outside of Illinois or evidence that the motor vehicle will be permanently stored or garaged at a physical address outside Illinois.

(h-2) The following exemptions apply with respect to certain aircraft:

(1) Beginning on July 1, 2007, no tax is imposed under this Act on the purchase of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, if all of the following conditions are met:

(A) the aircraft leaves this State within 15 days after the later of either the issuance of the final billing for the purchase of the aircraft or the authorized approval for return to service, completion of the maintenance record entry, and completion of the test flight and ground test for inspection, as required by 14 C.F.R. 91.407;

(B) the aircraft is not based or registered in this State after the purchase of the aircraft; and

(C) the purchaser provides the Department with a signed and dated certification, on a form prescribed by the Department, certifying that the requirements of this item (1) are met. The certificate must also include the name and address of the purchaser, the

address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

(2) Beginning on July 1, 2007, no tax is imposed under this Act on the use of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, that is temporarily located in this State for the purpose of a prepurchase evaluation if all of the following conditions are met:

(A) the aircraft is not based or registered in this State after the prepurchase evaluation; and

(B) the purchaser provides the Department with a signed and dated certification, on a form prescribed by the Department, certifying that the requirements of this item (2) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

(3) Beginning on July 1, 2007, no tax is imposed under this Act on the use of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, that is temporarily located in this State for the purpose of a post-sale

customization if all of the following conditions are met:

(A) the aircraft leaves this State within 15 days after the authorized approval for return to service, completion of the maintenance record entry, and completion of the test flight and ground test for inspection, as required by 14 C.F.R. 91.407;

(B) the aircraft is not based or registered in this State either before or after the post-sale customization; and

(C) the purchaser provides the Department with a signed and dated certification, on a form prescribed by the Department, certifying that the requirements of this item (3) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

If tax becomes due under this subsection (h-2) because of the purchaser's use of the aircraft in this State, the purchaser shall file a return with the Department and pay the tax on the fair market value of the aircraft. This return and payment of the tax must be made no later than 30 days after the aircraft is used in a taxable manner in this State. The tax is based on the fair market value of the aircraft on the date that

it is first used in a taxable manner in this State.

For purposes of this subsection (h-2):

"Based in this State" means hangared, stored, or otherwise used, excluding post-sale customizations as defined in this Section, for 10 or more days in each 12-month period immediately following the date of the sale of the aircraft.

"Post-sale customization" means any improvement, maintenance, or repair that is performed on an aircraft following a transfer of ownership of the aircraft.

"Prepurchase evaluation" means an examination of an aircraft to provide a potential purchaser with information relevant to the potential purchase.

"Registered in this State" means an aircraft registered with the Department of Transportation, Aeronautics Division, or titled or registered with the Federal Aviation Administration to an address located in this State.

This subsection (h-2) is exempt from the provisions of Section 3-90.

(i) Beginning July 1, 1999, the use, in this State, of fuel acquired outside this State and brought into this State in the fuel supply tanks of locomotives engaged in freight hauling and passenger service for interstate commerce. This subsection is exempt from the provisions of Section 3-90.

(j) Beginning on January 1, 2002 and through June 30, 2016, the use of tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized

purchasing activities in Illinois who will, upon receipt of the property in Illinois, temporarily store the property in Illinois (i) for the purpose of subsequently transporting it outside this State for use or consumption thereafter solely outside this State or (ii) for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property to be transported outside this State and thereafter used or consumed solely outside this State. The Director of Revenue shall, pursuant to rules adopted in accordance with the Illinois Administrative Procedure Act, issue a permit to any taxpayer in good standing with the Department who is eligible for the exemption under this subsection (j). The permit issued under this subsection (j) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(Source: P.A. 103-592, eff. 1-1-25.)

(35 ILCS 105/3-61)

Sec. 3-61. Motor vehicles; trailers; use as rolling stock definition.

(a) (Blank).

(b) (Blank).

(c) This subsection (c) applies to motor vehicles, other than limousines, purchased through June 30, 2017. For motor vehicles, other than limousines, purchased on or after July 1, 2017, subsection (d-5) applies. This subsection (c) applies to limousines purchased before, on, or after July 1, 2017. "Use as rolling stock moving in interstate commerce" in paragraph (c) of Section 3-55 occurs for motor vehicles, as defined in Section 1-146 of the Illinois Vehicle Code, when during a 12-month period the rolling stock has carried persons or property for hire in interstate commerce for greater than 50% of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption shall make an election at the time of purchase to use either the trips or mileage method. Persons who purchased motor vehicles prior to July 1, 2004 shall make an election to use either the trips or mileage method and document that election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to have chosen the mileage method.

For purposes of determining qualifying trips or miles, motor vehicles that carry persons or property for hire, even just between points in Illinois, will be considered used for hire in interstate commerce if the motor vehicle transports persons whose journeys or property whose shipments originate or terminate outside Illinois. The exemption for motor

vehicles used as rolling stock moving in interstate commerce may be claimed only for the following vehicles: (i) motor vehicles whose gross vehicle weight rating exceeds 16,000 pounds; and (ii) limousines, as defined in Section 1-139.1 of the Illinois Vehicle Code. On and after July 1, 2025, the exemption for limousines applies only if those limousines are not used to provide transportation network company services, as defined in the Transportation Network Providers Act. Through June 30, 2017, this definition applies to all property purchased for the purpose of being attached to those motor vehicles as a part thereof. On and after July 1, 2017, this definition applies to property purchased for the purpose of being attached to limousines as a part thereof. For property that is purchased on or after July 1, 2025 for the purpose of being attached to a limousine as a part thereof, this definition applies only if the limousine is not used to provide transportation network company services, as defined in the Transportation Network Providers Act.

(d) For purchases made through June 30, 2017, "use as rolling stock moving in interstate commerce" in paragraph (c) of Section 3-55 occurs for trailers, as defined in Section 1-209 of the Illinois Vehicle Code, semitrailers as defined in Section 1-187 of the Illinois Vehicle Code, and pole trailers as defined in Section 1-161 of the Illinois Vehicle Code, when during a 12-month period the rolling stock has carried persons or property for hire in interstate commerce for greater than

50% of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption for a trailer or trailers that will not be dedicated to a motor vehicle or group of motor vehicles shall make an election at the time of purchase to use either the trips or mileage method. Persons who purchased trailers prior to July 1, 2004 that are not dedicated to a motor vehicle or group of motor vehicles shall make an election to use either the trips or mileage method and document that election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to have chosen the mileage method.

For purposes of determining qualifying trips or miles, trailers, semitrailers, or pole trailers that carry property for hire, even just between points in Illinois, will be considered used for hire in interstate commerce if the trailers, semitrailers, or pole trailers transport property whose shipments originate or terminate outside Illinois. This definition applies to all property purchased for the purpose of being attached to those trailers, semitrailers, or pole trailers as a part thereof. In lieu of a person providing documentation regarding the qualifying use of each individual trailer, semitrailer, or pole trailer, that person may document such qualifying use by providing documentation of the following:

(1) If a trailer, semitrailer, or pole trailer is

dedicated to a motor vehicle that qualifies as rolling stock moving in interstate commerce under subsection (c) of this Section, then that trailer, semitrailer, or pole trailer qualifies as rolling stock moving in interstate commerce under this subsection.

(2) If a trailer, semitrailer, or pole trailer is dedicated to a group of motor vehicles that all qualify as rolling stock moving in interstate commerce under subsection (c) of this Section, then that trailer, semitrailer, or pole trailer qualifies as rolling stock moving in interstate commerce under this subsection.

(3) If one or more trailers, semitrailers, or pole trailers are dedicated to a group of motor vehicles and not all of those motor vehicles in that group qualify as rolling stock moving in interstate commerce under subsection (c) of this Section, then the percentage of those trailers, semitrailers, or pole trailers that qualifies as rolling stock moving in interstate commerce under this subsection is equal to the percentage of those motor vehicles in that group that qualify as rolling stock moving in interstate commerce under subsection (c) of this Section to which those trailers, semitrailers, or pole trailers are dedicated. However, to determine the qualification for the exemption provided under this item (3), the mathematical application of the qualifying percentage to one or more trailers, semitrailers, or pole

trailers under this subpart shall not be allowed as to any fraction of a trailer, semitrailer, or pole trailer.

(d-5) For motor vehicles and trailers purchased on or after July 1, 2017, "use as rolling stock moving in interstate commerce" means that:

(1) the motor vehicle or trailer is used to transport persons or property for hire;

(2) for purposes of the exemption under subsection (c) of Section 3-55, the purchaser who is an owner, lessor, or shipper claiming the exemption certifies that the motor vehicle or trailer will be utilized, from the time of purchase and continuing through the statute of limitations for issuing a notice of tax liability under this Act, by an interstate carrier or carriers for hire who hold, and are required by Federal Motor Carrier Safety Administration regulations to hold, an active USDOT Number with the Carrier Operation listed as "Interstate" and the Operation Classification listed as "authorized for hire", "exempt for hire", or both "authorized for hire" and "exempt for hire"; except that this paragraph (2) does not apply to a motor vehicle or trailer used at an airport to support the operation of an aircraft moving in interstate commerce, as long as (i) in the case of a motor vehicle, the motor vehicle meets paragraphs (1) and (3) of this subsection (d-5) or (ii) in the case of a trailer, the trailer meets paragraph (1) of this subsection (d-5); and

(3) for motor vehicles, the gross vehicle weight rating exceeds 16,000 pounds.

The definition of "use as rolling stock moving in interstate commerce" in this subsection (d-5) applies to all property purchased on or after July 1, 2017 for the purpose of being attached to a motor vehicle or trailer as a part thereof, regardless of whether the motor vehicle or trailer was purchased before, on, or after July 1, 2017.

If an item ceases to meet requirements (1) through (3) under this subsection (d-5), then the tax is imposed on the selling price, allowing for a reasonable depreciation for the period during which the item qualified for the exemption.

For purposes of this subsection (d-5):

"Motor vehicle" excludes limousines, but otherwise means that term as defined in Section 1-146 of the Illinois Vehicle Code.

"Trailer" means (i) "trailer", as defined in Section 1-209 of the Illinois Vehicle Code, (ii) "semitrailer", as defined in Section 1-187 of the Illinois Vehicle Code, and (iii) "pole trailer", as defined in Section 1-161 of the Illinois Vehicle Code.

(e) For aircraft and watercraft purchased on or after January 1, 2014, "use as rolling stock moving in interstate commerce" in paragraph (c) of Section 3-55 occurs when, during a 12-month period, the rolling stock has carried persons or property for hire in interstate commerce for greater than 50%

of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption shall make an election at the time of purchase to use either the trips or mileage method and document that election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to have chosen the mileage method. For aircraft, flight hours may be used in lieu of recording miles in determining whether the aircraft meets the mileage test in this subsection. For watercraft, nautical miles or trip hours may be used in lieu of recording miles in determining whether the watercraft meets the mileage test in this subsection.

Notwithstanding any other provision of law to the contrary, property purchased on or after January 1, 2014 for the purpose of being attached to aircraft or watercraft as a part thereof qualifies as rolling stock moving in interstate commerce only if the aircraft or watercraft to which it will be attached qualifies as rolling stock moving in interstate commerce under the test set forth in this subsection (e), regardless of when the aircraft or watercraft was purchased. Persons who purchased aircraft or watercraft prior to January 1, 2014 shall make an election to use either the trips or mileage method and document that election in their books and records for the purpose of determining whether property purchased on or after January 1, 2014 for the purpose of being attached to aircraft or watercraft as a part thereof qualifies

as rolling stock moving in interstate commerce under this subsection (e).

(f) The election to use either the trips or mileage method made under the provisions of subsections (c), (d), or (e) of this Section will remain in effect for the duration of the purchaser's ownership of that item.

(Source: P.A. 100-321, eff. 8-24-17.)

(35 ILCS 105/9)

Sec. 9. Except as to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, each retailer required or authorized to collect the tax imposed by this Act shall pay to the Department the amount of such tax (except as otherwise provided) at the time when he is required to file his return for the period during which such tax was collected, less a discount of 2.1% prior to January 1, 1990, and 1.75% on and after January 1, 1990, or $5 per calendar year, whichever is greater, which is allowed to reimburse the retailer for expenses incurred in collecting the tax, keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request. Beginning with returns due on or after January 1, 2025, the discount allowed in this Section, the Retailers' Occupation Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act, including any local tax administered by the Department and reported on the same return, shall not exceed

$1,000 per month in the aggregate for returns other than transaction returns filed during the month. When determining the discount allowed under this Section, retailers shall include the amount of tax that would have been due at the 6.25% rate but for the 1.25% rate imposed on sales tax holiday items under Public Act 102-700. The discount under this Section is not allowed for the 1.25% portion of taxes paid on aviation fuel that is subject to the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133. When determining the discount allowed under this Section, retailers shall include the amount of tax that would have been due at the 1% rate but for the 0% rate imposed under Public Act 102-700. In the case of retailers who report and pay the tax on a transaction by transaction basis, as provided in this Section, such discount shall be taken with each such tax remittance instead of when such retailer files his periodic return, but, beginning with returns due on or after January 1, 2025, the discount allowed under this Section and the Retailers' Occupation Tax Act, including any local tax administered by the Department and reported on the same transaction return, shall not exceed $1,000 per month for all transaction returns filed during the month. The discount allowed under this Section is allowed only for returns that are filed in the manner required by this Act. The Department may disallow the discount for retailers whose certificate of registration is revoked at the time the return is filed, but only if the Department's decision to revoke the

certificate of registration has become final. A retailer need not remit that part of any tax collected by him to the extent that he is required to remit and does remit the tax imposed by the Retailers' Occupation Tax Act, with respect to the sale of the same property.

Where such tangible personal property is sold under a conditional sales contract, or under any other form of sale wherein the payment of the principal sum, or a part thereof, is extended beyond the close of the period for which the return is filed, the retailer, in collecting the tax (except as to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State), may collect for each tax return period only the tax applicable to that part of the selling price actually received during such tax return period.

In the case of leases, except as otherwise provided in this Act, the lessor, in collecting the tax, may collect for each tax return period only the tax applicable to that part of the selling price actually received during such tax return period.

Except as provided in this Section, on or before the twentieth day of each calendar month, such retailer shall file a return for the preceding calendar month. Such return shall be filed on forms prescribed by the Department and shall furnish such information as the Department may reasonably require. The return shall include the gross receipts on food

for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) which were received during the preceding calendar month, quarter, or year, as appropriate, and upon which tax would have been due but for the 0% rate imposed under Public Act 102-700. The return shall also include the amount of tax that would have been due on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) but for the 0% rate imposed under Public Act 102-700.

On and after January 1, 2018, except for returns required to be filed prior to January 1, 2023 for motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, with respect to retailers whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act shall be filed electronically. On and after January 1, 2023, with respect to retailers whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act, including, but not limited to, returns for motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, shall be filed

electronically. Retailers who demonstrate that they do not have access to the Internet or demonstrate hardship in filing electronically may petition the Department to waive the electronic filing requirement.

The Department may require returns to be filed on a quarterly basis. If so required, a return for each calendar quarter shall be filed on or before the twentieth day of the calendar month following the end of such calendar quarter. The taxpayer shall also file a return with the Department for each of the first two months of each calendar quarter, on or before the twentieth day of the following calendar month, stating:

1. The name of the seller;

2. The address of the principal place of business from which he engages in the business of selling tangible personal property at retail in this State;

3. The total amount of taxable receipts received by him during the preceding calendar month from sales of tangible personal property by him during such preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;

4. The amount of credit provided in Section 2d of this Act;

5. The amount of tax due;

5-5. The signature of the taxpayer; and

6. Such other reasonable information as the Department may require.

Each retailer required or authorized to collect the tax imposed by this Act on aviation fuel sold at retail in this State during the preceding calendar month shall, instead of reporting and paying tax on aviation fuel as otherwise required by this Section, report and pay such tax on a separate aviation fuel tax return. The requirements related to the return shall be as otherwise provided in this Section. Notwithstanding any other provisions of this Act to the contrary, retailers collecting tax on aviation fuel shall file all aviation fuel tax returns and shall make all aviation fuel tax payments by electronic means in the manner and form required by the Department. For purposes of this Section, "aviation fuel" means jet fuel and aviation gasoline.

If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.

Notwithstanding any other provision of this Act to the contrary, retailers subject to tax on cannabis shall file all cannabis tax returns and shall make all cannabis tax payments by electronic means in the manner and form required by the Department.

Beginning October 1, 1993, a taxpayer who has an average monthly tax liability of $150,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1994, a taxpayer who has

an average monthly tax liability of $100,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" means the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

Before August 1 of each year beginning in 1993, the Department shall notify all taxpayers required to make payments by electronic funds transfer. All taxpayers required to make payments by electronic funds transfer shall make those payments for a minimum of one year beginning on October 1.

Any taxpayer not required to make payments by electronic funds transfer may make payments by electronic funds transfer with the permission of the Department.

All taxpayers required to make payment by electronic funds transfer and any taxpayers authorized to voluntarily make payments by electronic funds transfer shall make those payments in the manner authorized by the Department.

The Department shall adopt such rules as are necessary to effectuate a program of electronic funds transfer and the requirements of this Section.

Before October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act, the Service Use Tax Act was $10,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the 20th day of the month next following the month during which such tax liability is incurred and shall make payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. On and after October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act was $20,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the 20th day of the month next following the month

during which such tax liability is incurred and shall make payment to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. If the month during which such tax liability is incurred began prior to January 1, 1985, each payment shall be in an amount equal to 1/4 of the taxpayer's actual liability for the month or an amount set by the Department not to exceed 1/4 of the average monthly liability of the taxpayer to the Department for the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability in such 4 quarter period). If the month during which such tax liability is incurred begins on or after January 1, 1985, and prior to January 1, 1987, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 27.5% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1987, and prior to January 1, 1988, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 26.25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1988, and prior to January 1, 1989, or begins on or after January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of

the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1989, and prior to January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year or 100% of the taxpayer's actual liability for the quarter monthly reporting period. The amount of such quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month. Before October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $9,000, or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $10,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $10,000 threshold stated above, then such taxpayer may petition the Department for change in such taxpayer's reporting status. On and after October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department shall

continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $19,000 or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $20,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $20,000 threshold stated above, then such taxpayer may petition the Department for a change in such taxpayer's reporting status. The Department shall change such taxpayer's reporting status unless it finds that such change is seasonal in nature and not likely to be long term. Quarter monthly payment status shall be determined under this paragraph as if the rate reduction to 1.25% in Public Act 102-700 on sales tax holiday items had not occurred. For quarter monthly payments due on or after July 1, 2023 and through June 30, 2024, "25% of the taxpayer's liability for the same calendar month of the preceding year" shall be determined as if the rate reduction to 1.25% in Public Act 102-700 on sales tax holiday items had not occurred. Quarter monthly payment status shall be determined under this paragraph as if the rate reduction to 0% in Public Act 102-700 on food for human consumption that is to be consumed off the

premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) had not occurred. For quarter monthly payments due under this paragraph on or after July 1, 2023 and through June 30, 2024, "25% of the taxpayer's liability for the same calendar month of the preceding year" shall be determined as if the rate reduction to 0% in Public Act 102-700 had not occurred. If any such quarter monthly payment is not paid at the time or in the amount required by this Section, then the taxpayer shall be liable for penalties and interest on the difference between the minimum amount due and the amount of such quarter monthly payment actually and timely paid, except insofar as the taxpayer has previously made payments for that month to the Department in excess of the minimum payments previously due as provided in this Section. The Department shall make reasonable rules and regulations to govern the quarter monthly payment amount and quarter monthly payment dates for taxpayers who file on other than a calendar monthly basis.

If any such payment provided for in this Section exceeds the taxpayer's liabilities under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act and the Service Use Tax Act, as shown by an original monthly return, the Department shall issue to the taxpayer a credit memorandum no later than 30 days after the date of payment, which

memorandum may be submitted by the taxpayer to the Department in payment of tax liability subsequently to be remitted by the taxpayer to the Department or be assigned by the taxpayer to a similar taxpayer under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, in accordance with reasonable rules and regulations to be prescribed by the Department, except that if such excess payment is shown on an original monthly return and is made after December 31, 1986, no credit memorandum shall be issued, unless requested by the taxpayer. If no such request is made, the taxpayer may credit such excess payment against tax liability subsequently to be remitted by the taxpayer to the Department under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, in accordance with reasonable rules and regulations prescribed by the Department. If the Department subsequently determines that all or any part of the credit taken was not actually due to the taxpayer, the taxpayer's vendor's discount shall be reduced, if necessary, to reflect the difference between the credit taken and that actually due, and the taxpayer shall be liable for penalties and interest on such difference.

If the retailer is otherwise required to file a monthly return and if the retailer's average monthly tax liability to the Department does not exceed $200, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February, and March of a given

year being due by April 20 of such year; with the return for April, May and June of a given year being due by July 20 of such year; with the return for July, August and September of a given year being due by October 20 of such year, and with the return for October, November and December of a given year being due by January 20 of the following year.

If the retailer is otherwise required to file a monthly or quarterly return and if the retailer's average monthly tax liability to the Department does not exceed $50, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 20 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Act concerning the time within which a retailer may file his return, in the case of any retailer who ceases to engage in a kind of business which makes him responsible for filing returns under this Act, such retailer shall file a final return under this Act with the Department not more than one month after discontinuing such business.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, except as otherwise provided in this Section, every retailer selling this kind of tangible personal

property shall file, with the Department, upon a form to be prescribed and supplied by the Department, a separate return for each such item of tangible personal property which the retailer sells, except that if, in the same transaction, (i) a retailer of aircraft, watercraft, motor vehicles or trailers transfers more than one aircraft, watercraft, motor vehicle or trailer to another aircraft, watercraft, motor vehicle or trailer retailer for the purpose of resale or (ii) a retailer of aircraft, watercraft, motor vehicles, or trailers transfers more than one aircraft, watercraft, motor vehicle, or trailer to a purchaser for use as a qualifying rolling stock as provided in Section 3-55 of this Act, then that seller may report the transfer of all the aircraft, watercraft, motor vehicles or trailers involved in that transaction to the Department on the same uniform invoice-transaction reporting return form. For purposes of this Section, "watercraft" means a Class 2, Class 3, or Class 4 watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, every person who is engaged in the business of leasing or renting such items and who, in connection with such business, sells any such item to a retailer for the purpose of resale is, notwithstanding any other provision of this Section to the contrary, authorized to

meet the return-filing requirement of this Act by reporting the transfer of all the aircraft, watercraft, motor vehicles, or trailers transferred for resale during a month to the Department on the same uniform invoice-transaction reporting return form on or before the 20th of the month following the month in which the transfer takes place. Notwithstanding any other provision of this Act to the contrary, all returns filed under this paragraph must be filed by electronic means in the manner and form as required by the Department.

The transaction reporting return in the case of motor vehicles or trailers that are required to be registered with an agency of this State, shall be the same document as the Uniform Invoice referred to in Section 5-402 of the Illinois Vehicle Code and must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 2 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the

sale; a sufficient identification of the property sold; such other information as is required in Section 5-402 of the Illinois Vehicle Code, and such other information as the Department may reasonably require.

The transaction reporting return in the case of watercraft and aircraft must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 2 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale, a sufficient identification of the property sold, and such other information as the Department may reasonably require.

Such transaction reporting return shall be filed not later than 20 days after the date of delivery of the item that is being sold, but may be filed by the retailer at any time sooner than that if he chooses to do so. The transaction reporting return and tax remittance or proof of exemption from the tax

that is imposed by this Act may be transmitted to the Department by way of the State agency with which, or State officer with whom, the tangible personal property must be titled or registered (if titling or registration is required) if the Department and such agency or State officer determine that this procedure will expedite the processing of applications for title or registration.

With each such transaction reporting return, the retailer shall remit the proper amount of tax due (or shall submit satisfactory evidence that the sale is not taxable if that is the case), to the Department or its agents, whereupon the Department shall issue, in the purchaser's name, a tax receipt (or a certificate of exemption if the Department is satisfied that the particular sale is tax exempt) which such purchaser may submit to the agency with which, or State officer with whom, he must title or register the tangible personal property that is involved (if titling or registration is required) in support of such purchaser's application for an Illinois certificate or other evidence of title or registration to such tangible personal property.

No retailer's failure or refusal to remit tax under this Act precludes a user, who has paid the proper tax to the retailer, from obtaining his certificate of title or other evidence of title or registration (if titling or registration is required) upon satisfying the Department that such user has paid the proper tax (if tax is due) to the retailer. The

Department shall adopt appropriate rules to carry out the mandate of this paragraph.

If the user who would otherwise pay tax to the retailer wants the transaction reporting return filed and the payment of tax or proof of exemption made to the Department before the retailer is willing to take these actions and such user has not paid the tax to the retailer, such user may certify to the fact of such delay by the retailer, and may (upon the Department being satisfied of the truth of such certification) transmit the information required by the transaction reporting return and the remittance for tax or proof of exemption directly to the Department and obtain his tax receipt or exemption determination, in which event the transaction reporting return and tax remittance (if a tax payment was required) shall be credited by the Department to the proper retailer's account with the Department, but without the vendor's discount provided for in this Section being allowed. When the user pays the tax directly to the Department, he shall pay the tax in the same amount and in the same form in which it would be remitted if the tax had been remitted to the Department by the retailer.

On and after January 1, 2025, with respect to the lease of trailers, other than semitrailers as defined in Section 1-187 of the Illinois Vehicle Code, that are required to be registered with an agency of this State and that are subject to the tax on lease receipts under this Act, notwithstanding any other provision of this Act to the contrary, for the purpose of

reporting and paying tax under this Act on those lease receipts, lessors shall file returns in addition to and separate from the transaction reporting return. Lessors shall file those lease returns and make payment to the Department by electronic means on or before the 20th day of each month following the month, quarter, or year, as applicable, in which lease receipts were received. All lease receipts received by the lessor from the lease of those trailers during the same reporting period shall be reported and tax shall be paid on a single return form to be prescribed by the Department.

Where a retailer collects the tax with respect to the selling price of tangible personal property which he sells and the purchaser thereafter returns such tangible personal property and the retailer refunds the selling price thereof to the purchaser, such retailer shall also refund, to the purchaser, the tax so collected from the purchaser. When filing his return for the period in which he refunds such tax to the purchaser, the retailer may deduct the amount of the tax so refunded by him to the purchaser from any other use tax which such retailer may be required to pay or remit to the Department, as shown by such return, if the amount of the tax to be deducted was previously remitted to the Department by such retailer. If the retailer has not previously remitted the amount of such tax to the Department, he is entitled to no deduction under this Act upon refunding such tax to the purchaser.

Any retailer filing a return under this Section shall also include (for the purpose of paying tax thereon) the total tax covered by such return upon the selling price of tangible personal property purchased by him at retail from a retailer, but as to which the tax imposed by this Act was not collected from the retailer filing such return, and such retailer shall remit the amount of such tax to the Department when filing such return.

If experience indicates such action to be practicable, the Department may prescribe and furnish a combination or joint return which will enable retailers, who are required to file returns hereunder and also under the Retailers' Occupation Tax Act, to furnish all the return information required by both Acts on the one form.

Where the retailer has more than one business registered with the Department under separate registration under this Act, such retailer may not file each return that is due as a single return covering all such registered businesses, but shall file separate returns for each such registered business.

Beginning January 1, 1990, each month the Department shall pay into the State and Local Sales Tax Reform Fund, a special fund in the State Treasury which is hereby created, the net revenue realized for the preceding month from the 1% tax imposed under this Act.

Beginning January 1, 1990, each month the Department shall pay into the County and Mass Transit District Fund 4% of the

net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property which is purchased outside Illinois at retail from a retailer and which is titled or registered by an agency of this State's government.

Beginning January 1, 1990, each month the Department shall pay into the State and Local Sales Tax Reform Fund, a special fund in the State Treasury, 20% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property, other than (i) tangible personal property which is purchased outside Illinois at retail from a retailer and which is titled or registered by an agency of this State's government and (ii) aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

For aviation fuel sold on or after December 1, 2019, each month the Department shall pay into the State Aviation Program Fund 20% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of aviation fuel, less an amount estimated by the Department to be required for refunds of the 20% portion of the tax on aviation fuel under this Act, which amount shall be deposited into the Aviation Fuel Sales Tax Refund Fund. The Department shall only pay moneys into the State Aviation Program Fund and the Aviation Fuels Sales Tax Refund Fund under this Act for so long

as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the State and Local Sales Tax Reform Fund 100% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol. If, in any month, the tax on sales tax holiday items, as defined in Section 3-6, is imposed at the rate of 1.25%, then the Department shall pay 100% of the net revenue realized for that month from the 1.25% rate on the selling price of sales tax holiday items into the State and Local Sales Tax Reform Fund.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund 16% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property which is purchased outside Illinois at retail from a retailer and which is titled or registered by an agency of this State's government.

Beginning October 1, 2009, each month the Department shall pay into the Capital Projects Fund an amount that is equal to an amount estimated by the Department to represent 80% of the net revenue realized for the preceding month from the sale of candy, grooming and hygiene products, and soft drinks that had been taxed at a rate of 1% prior to September 1, 2009 but that are now taxed at 6.25%.

Beginning July 1, 2011, each month the Department shall

pay into the Clean Air Act Permit Fund 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of sorbents used in Illinois in the process of sorbent injection as used to comply with the Environmental Protection Act or the federal Clean Air Act, but the total payment into the Clean Air Act Permit Fund under this Act and the Retailers' Occupation Tax Act shall not exceed $2,000,000 in any fiscal year.

Beginning July 1, 2013, each month the Department shall pay into the Underground Storage Tank Fund from the proceeds collected under this Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act an amount equal to the average monthly deficit in the Underground Storage Tank Fund during the prior year, as certified annually by the Illinois Environmental Protection Agency, but the total payment into the Underground Storage Tank Fund under this Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act shall not exceed $18,000,000 in any State fiscal year. As used in this paragraph, the "average monthly deficit" shall be equal to the difference between the average monthly claims for payment by the fund and the average monthly revenues deposited into the fund, excluding payments made pursuant to this paragraph.

Beginning July 1, 2015, of the remainder of the moneys received by the Department under this Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers'

Occupation Tax Act, each month the Department shall deposit $500,000 into the State Crime Laboratory Fund.

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%, as the case may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to Section 3 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as defined in Section 3 of the Retailers' Occupation Tax Act), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund during such month and (2) the amount transferred during such month to the Build Illinois Fund from

the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year; and, further provided, that the amounts payable into the Build Illinois Fund under this clause (b) shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing Bonds issued and outstanding pursuant to the Build Illinois Bond Act is sufficient, taking into account any future investment income, to fully provide, in accordance with such indenture, for the defeasance of or the payment of the principal of, premium, if any, and interest on the Bonds secured by such indenture and on any Bonds expected to be issued thereafter and all fees and costs payable with respect thereto, all as certified by the Director of the Bureau of the Budget (now Governor's Office of Management and Budget). If on the last business day of any month in which Bonds are outstanding pursuant to the Build Illinois Bond Act, the aggregate of the moneys deposited in the Build Illinois Bond Account in the Build Illinois Fund in such month shall be less

than the amount required to be transferred in such month from the Build Illinois Bond Account to the Build Illinois Bond Retirement and Interest Fund pursuant to Section 13 of the Build Illinois Bond Act, an amount equal to such deficiency shall be immediately paid from other moneys received by the Department pursuant to the Tax Acts to the Build Illinois Fund; provided, however, that any amounts paid to the Build Illinois Fund in any fiscal year pursuant to this sentence shall be deemed to constitute payments pursuant to clause (b) of the preceding sentence and shall reduce the amount otherwise payable for such fiscal year pursuant to clause (b) of the preceding sentence. The moneys received by the Department pursuant to this Act and required to be deposited into the Build Illinois Fund are subject to the pledge, claim and charge set forth in Section 12 of the Build Illinois Bond Act.

Subject to payment of amounts into the Build Illinois Fund as provided in the preceding paragraph or in any amendment thereto hereafter enacted, the following specified monthly installment of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority provided under Section 8.25f of the State Finance Act, but not in excess of the sums designated as "Total Deposit", shall be deposited in the aggregate from collections under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the

Retailers' Occupation Tax Act into the McCormick Place Expansion Project Fund in the specified fiscal years.

Fiscal Year	Total Deposit
1993	$0
1994	53,000,000
1995	58,000,000
1996	61,000,000
1997	64,000,000
1998	68,000,000
1999	71,000,000
2000	75,000,000
2001	80,000,000
2002	93,000,000
2003	99,000,000
2004	103,000,000
2005	108,000,000
2006	113,000,000
2007	119,000,000
2008	126,000,000
2009	132,000,000
2010	139,000,000
2011	146,000,000
2012	153,000,000
2013	161,000,000
2014	170,000,000
2015	179,000,000

2016	189,000,000
2017	199,000,000
2018	210,000,000
2019	221,000,000
2020	233,000,000
2021	300,000,000
2022	300,000,000
2023	300,000,000
2024	300,000,000
2025	300,000,000
2026	300,000,000
2027	375,000,000
2028	375,000,000
2029	375,000,000
2030	375,000,000
2031	375,000,000
2032	375,000,000
2033	375,000,000
2034	375,000,000
2035	375,000,000
2036	450,000,000
and	
each fiscal year thereafter that bonds are outstanding under Section 13.2 of the	

Metropolitan Pier and
Exposition Authority Act,
but not after fiscal year 2060.

Beginning July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority for that fiscal year, less the amount deposited into the McCormick Place Expansion Project Fund by the State Treasurer in the respective month under subsection (g) of Section 13 of the Metropolitan Pier and Exposition Authority Act, plus cumulative deficiencies in the deposits required under this Section for previous months and years, shall be deposited into the McCormick Place Expansion Project Fund, until the full amount requested for the fiscal year, but not in excess of the amount specified above as "Total Deposit", has been deposited.

Subject to payment of amounts into the Capital Projects Fund, the Clean Air Act Permit Fund, the Build Illinois Fund, and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, for aviation fuel sold on or after December 1, 2019, the Department shall each month deposit into the Aviation Fuel Sales Tax Refund Fund an amount estimated by the Department to be required for refunds of the 80% portion of the tax on aviation fuel under this Act. The Department shall only deposit moneys into the Aviation Fuel Sales Tax Refund Fund

under this paragraph for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Subject to payment of amounts into the Build Illinois Fund and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, beginning July 1, 1993 and ending on September 30, 2013, the Department shall each month pay into the Illinois Tax Increment Fund 0.27% of 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property.

Subject to payment of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Energy Infrastructure Fund pursuant to the preceding paragraphs or in any amendments to this Section hereafter enacted, beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098), each month, from the collections made under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act, the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue, an amount equal to 1/12 of 5% of 80% of the cash receipts collected during the preceding fiscal year

by the Audit Bureau of the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and associated local occupation and use taxes administered by the Department.

Subject to payments of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, beginning on July 1, 2018 the Department shall pay each month into the Downstate Public Transportation Fund the moneys required to be so paid under Section 2-3 of the Downstate Public Transportation Act.

Subject to successful execution and delivery of a public-private agreement between the public agency and private entity and completion of the civic build, beginning on July 1, 2023, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, the Department shall deposit the following specified deposits in the aggregate from collections under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, as required under Section 8.25g of the State Finance Act for distribution consistent with the Public-Private Partnership for Civic and Transit Infrastructure Project Act. The moneys received by the Department pursuant to this Act and required to be deposited into the Civic and Transit Infrastructure Fund are subject to the pledge, claim, and

charge set forth in Section 25-55 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act. As used in this paragraph, "civic build", "private entity", "public-private agreement", and "public agency" have the meanings provided in Section 25-10 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act.

Fiscal Year	Total Deposit
2024	$200,000,000
2025	$206,000,000
2026	$212,200,000
2027	$218,500,000
2028	$225,100,000
2029	$288,700,000
2030	$298,900,000
2031	$309,300,000
2032	$320,100,000
2033	$331,200,000
2034	$341,200,000
2035	$351,400,000
2036	$361,900,000
2037	$372,800,000
2038	$384,000,000
2039	$395,500,000
2040	$407,400,000
2041	$419,600,000
2042	$432,200,000

2043 ..... $445,100,000

Beginning July 1, 2021 and until July 1, 2022, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 16% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2022 and until July 1, 2023, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 32% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2023 and until July 1, 2024, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 48% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2024 and until July 1, 2025, subject to the

payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 64% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning on July 1, 2025, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 80% of the net revenue realized from the taxes imposed on motor fuel and gasohol. As used in this paragraph "motor fuel" has the meaning given to that term in Section 1.1 of the Motor Fuel Tax Law, and "gasohol" has the meaning given to that term in Section 3-40 of this Act.

Until July 1, 2025, of ~~Of~~ the remainder of the moneys received by the Department pursuant to this Act, 75% thereof shall be paid into the State Treasury and 25% shall be reserved in a special account and used only for the transfer to the Common School Fund as part of the monthly transfer from the General Revenue Fund in accordance with Section 8a of the State Finance Act. Beginning July 1, 2025, of the remainder of the moneys received by the Department pursuant to this Act,

75% shall be deposited into the General Revenue Fund and 25% shall be deposited into the Common School Fund.

As soon as possible after the first day of each month, upon certification of the Department of Revenue, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the Motor Fuel Tax Fund an amount equal to 1.7% of 80% of the net revenue realized under this Act for the second preceding month. Beginning April 1, 2000, this transfer is no longer required and shall not be made.

Net revenue realized for a month shall be the revenue collected by the State pursuant to this Act, less the amount paid out during that month as refunds to taxpayers for overpayment of liability.

For greater simplicity of administration, manufacturers, importers and wholesalers whose products are sold at retail in Illinois by numerous retailers, and who wish to do so, may assume the responsibility for accounting and paying to the Department all tax accruing under this Act with respect to such sales, if the retailers who are affected do not make written objection to the Department to this arrangement.

(Source: P.A. 102-700, Article 60, Section 60-15, eff. 4-19-22; 102-700, Article 65, Section 65-5, eff. 4-19-22; 102-1019, eff. 1-1-23; 103-154, eff. 6-30-23; 103-363, eff. 7-28-23; 103-592, Article 75, Section 75-5, eff. 1-1-25; 103-592, Article 110, Section 110-5, eff. 6-7-24; 103-1055, eff. 12-20-24.)

Section 35-25. The Service Use Tax Act is amended by changing Sections 3-51 and 9 as follows:

(35 ILCS 110/3-51)

Sec. 3-51. Motor vehicles; trailers; use as rolling stock definition.

(a) (Blank).

(b) (Blank).

(c) This subsection (c) applies to motor vehicles, other than limousines, purchased through June 30, 2017. For motor vehicles, other than limousines, purchased on or after July 1, 2017, subsection (d-5) applies. This subsection (c) applies to limousines purchased before, on, or after July 1, 2017. "Use as rolling stock moving in interstate commerce" in paragraph (4a) of the definition of "sale of service" in Section 2 and subsection (b) of Section 3-45 occurs for motor vehicles, as defined in Section 1-146 of the Illinois Vehicle Code, when during a 12-month period the rolling stock has carried persons or property for hire in interstate commerce for greater than 50% of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption shall make an election at the time of purchase to use either the trips or mileage method. Persons who purchased motor vehicles prior to July 1, 2004 shall make an election to use either the trips or mileage method and document that

election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to have chosen the mileage method.

For purposes of determining qualifying trips or miles, motor vehicles that carry persons or property for hire, even just between points in Illinois, will be considered used for hire in interstate commerce if the motor vehicle transports persons whose journeys or property whose shipments originate or terminate outside Illinois. The exemption for motor vehicles used as rolling stock moving in interstate commerce may be claimed only for the following vehicles: (i) motor vehicles whose gross vehicle weight rating exceeds 16,000 pounds; and (ii) limousines, as defined in Section 1-139.1 of the Illinois Vehicle Code. On and after July 1, 2025, the exemption for limousines applies only if those limousines are not used to provide transportation network company services, as defined in the Transportation Network Providers Act. Through June 30, 2017, this definition applies to all property purchased for the purpose of being attached to those motor vehicles as a part thereof. On and after July 1, 2017, this definition applies to property purchased for the purpose of being attached to limousines as a part thereof. With respect to property that is transferred incident to a sale of service on or after July 1, 2025 for the purpose of being attached to a limousine as a part thereof, this definition applies only if the limousine is not used to provide transportation network

company services, as defined in the Transportation Network Providers Act.

(d) For purchases made through June 30, 2017, "use as rolling stock moving in interstate commerce" in paragraph (4a) of the definition of "sale of service" in Section 2 and subsection (b) of Section 3-45 occurs for trailers, as defined in Section 1-209 of the Illinois Vehicle Code, semitrailers as defined in Section 1-187 of the Illinois Vehicle Code, and pole trailers as defined in Section 1-161 of the Illinois Vehicle Code, when during a 12-month period the rolling stock has carried persons or property for hire in interstate commerce for greater than 50% of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption for a trailer or trailers that will not be dedicated to a motor vehicle or group of motor vehicles shall make an election at the time of purchase to use either the trips or mileage method. Persons who purchased trailers prior to July 1, 2004 that are not dedicated to a motor vehicle or group of motor vehicles shall make an election to use either the trips or mileage method and document that election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to have chosen the mileage method.

For purposes of determining qualifying trips or miles, trailers, semitrailers, or pole trailers that carry property

for hire, even just between points in Illinois, will be considered used for hire in interstate commerce if the trailers, semitrailers, or pole trailers transport property whose shipments originate or terminate outside Illinois. This definition applies to all property purchased for the purpose of being attached to those trailers, semitrailers, or pole trailers as a part thereof. In lieu of a person providing documentation regarding the qualifying use of each individual trailer, semitrailer, or pole trailer, that person may document such qualifying use by providing documentation of the following:

(1) If a trailer, semitrailer, or pole trailer is dedicated to a motor vehicle that qualifies as rolling stock moving in interstate commerce under subsection (c) of this Section, then that trailer, semitrailer, or pole trailer qualifies as rolling stock moving in interstate commerce under this subsection.

(2) If a trailer, semitrailer, or pole trailer is dedicated to a group of motor vehicles that all qualify as rolling stock moving in interstate commerce under subsection (c) of this Section, then that trailer, semitrailer, or pole trailer qualifies as rolling stock moving in interstate commerce under this subsection.

(3) If one or more trailers, semitrailers, or pole trailers are dedicated to a group of motor vehicles and not all of those motor vehicles in that group qualify as

rolling stock moving in interstate commerce under subsection (c) of this Section, then the percentage of those trailers, semitrailers, or pole trailers that qualifies as rolling stock moving in interstate commerce under this subsection is equal to the percentage of those motor vehicles in that group that qualify as rolling stock moving in interstate commerce under subsection (c) of this Section to which those trailers, semitrailers, or pole trailers are dedicated. However, to determine the qualification for the exemption provided under this item (3), the mathematical application of the qualifying percentage to one or more trailers, semitrailers, or pole trailers under this subpart shall not be allowed as to any fraction of a trailer, semitrailer, or pole trailer.

(d-5) For motor vehicles and trailers purchased on or after July 1, 2017, "use as rolling stock moving in interstate commerce" means that:

(1) the motor vehicle or trailer is used to transport persons or property for hire;

(2) for purposes of the exemption under paragraph (4a) of the definition of "sale of service" in Section 2, the purchaser who is an owner, lessor, or shipper claiming the exemption certifies that the motor vehicle or trailer will be utilized, from the time of purchase and continuing through the statute of limitations for issuing a notice of tax liability under this Act, by an interstate carrier or

carriers for hire who hold, and are required by Federal Motor Carrier Safety Administration regulations to hold, an active USDOT Number with the Carrier Operation listed as "Interstate" and the Operation Classification listed as "authorized for hire", "exempt for hire", or both "authorized for hire" and "exempt for hire"; except that this paragraph (2) does not apply to a motor vehicle or trailer used at an airport to support the operation of an aircraft moving in interstate commerce, as long as (i) in the case of a motor vehicle, the motor vehicle meets paragraphs (1) and (3) of this subsection (d-5) or (ii) in the case of a trailer, the trailer meets paragraph (1) of this subsection (d-5); and

(3) for motor vehicles, the gross vehicle weight rating exceeds 16,000 pounds.

The definition of "use as rolling stock moving in interstate commerce" in this subsection (d-5) applies to all property purchased on or after July 1, 2017 for the purpose of being attached to a motor vehicle or trailer as a part thereof, regardless of whether the motor vehicle or trailer was purchased before, on, or after July 1, 2017.

If an item ceases to meet requirements (1) through (3) under this subsection (d-5), then the tax is imposed on the selling price, allowing for a reasonable depreciation for the period during which the item qualified for the exemption.

For purposes of this subsection (d-5):

"Motor vehicle" excludes limousines, but otherwise means that term as defined in Section 1-146 of the Illinois Vehicle Code.

"Trailer" means (i) "trailer", as defined in Section 1-209 of the Illinois Vehicle Code, (ii) "semitrailer", as defined in Section 1-187 of the Illinois Vehicle Code, and (iii) "pole trailer", as defined in Section 1-161 of the Illinois Vehicle Code.

(e) For aircraft and watercraft purchased on or after January 1, 2014, "use as rolling stock moving in interstate commerce" in (i) paragraph (4a) of the definition of "sale of service" in Section 2 and (ii) subsection (b) of Section 3-45 occurs when, during a 12-month period, the rolling stock has carried persons or property for hire in interstate commerce for greater than 50% of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption shall make an election at the time of purchase to use either the trips or mileage method and document that election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to have chosen the mileage method. For aircraft, flight hours may be used in lieu of recording miles in determining whether the aircraft meets the mileage test in this subsection. For watercraft, nautical miles or trip hours may be used in lieu of recording miles in determining whether the watercraft meets the mileage test in

this subsection.

Notwithstanding any other provision of law to the contrary, property purchased on or after January 1, 2014 for the purpose of being attached to aircraft or watercraft as a part thereof qualifies as rolling stock moving in interstate commerce only if the aircraft or watercraft to which it will be attached qualifies as rolling stock moving in interstate commerce under the test set forth in this subsection (e), regardless of when the aircraft or watercraft was purchased. Persons who purchased aircraft or watercraft prior to January 1, 2014 shall make an election to use either the trips or mileage method and document that election in their books and records for the purpose of determining whether property purchased on or after January 1, 2014 for the purpose of being attached to aircraft or watercraft as a part thereof qualifies as rolling stock moving in interstate commerce under this subsection (e).

(f) The election to use either the trips or mileage method made under the provisions of subsections (c), (d), or (e) of this Section will remain in effect for the duration of the purchaser's ownership of that item.

(Source: P.A. 100-321, eff. 8-24-17.)

(35 ILCS 110/9)

Sec. 9. Each serviceman required or authorized to collect the tax herein imposed shall pay to the Department the amount

of such tax (except as otherwise provided) at the time when he is required to file his return for the period during which such tax was collected, less a discount of 2.1% prior to January 1, 1990 and 1.75% on and after January 1, 1990, or $5 per calendar year, whichever is greater, which is allowed to reimburse the serviceman for expenses incurred in collecting the tax, keeping records, preparing and filing returns, remitting the tax, and supplying data to the Department on request. Beginning with returns due on or after January 1, 2025, the vendor's discount allowed in this Section, the Retailers' Occupation Tax Act, the Service Occupation Tax Act, and the Use Tax Act, including any local tax administered by the Department and reported on the same return, shall not exceed $1,000 per month in the aggregate. When determining the discount allowed under this Section, servicemen shall include the amount of tax that would have been due at the 1% rate but for the 0% rate imposed under Public Act 102-700 ~~this amendatory Act of the 102nd General Assembly~~. The discount under this Section is not allowed for the 1.25% portion of taxes paid on aviation fuel that is subject to the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133. The discount allowed under this Section is allowed only for returns that are filed in the manner required by this Act. The Department may disallow the discount for servicemen whose certificate of registration is revoked at the time the return is filed, but only if the Department's decision to revoke the

certificate of registration has become final. A serviceman need not remit that part of any tax collected by him to the extent that he is required to pay and does pay the tax imposed by the Service Occupation Tax Act with respect to his sale of service involving the incidental transfer by him of the same property.

Except as provided hereinafter in this Section, on or before the twentieth day of each calendar month, such serviceman shall file a return for the preceding calendar month in accordance with reasonable Rules and Regulations to be promulgated by the Department. Such return shall be filed on a form prescribed by the Department and shall contain such information as the Department may reasonably require. The return shall include the gross receipts which were received during the preceding calendar month or quarter on the following items upon which tax would have been due but for the 0% rate imposed under Public Act 102-700 ~~this amendatory Act of the 102nd General Assembly~~: (i) food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption); and (ii) food prepared for immediate consumption and transferred incident to a sale of service subject to this Act or the Service Occupation Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared

Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act. The return shall also include the amount of tax that would have been due on the items listed in the previous sentence but for the 0% rate imposed under Public Act 102-700 ~~this amendatory Act of the 102nd General Assembly~~.

In the case of leases, except as otherwise provided in this Act, the lessor, in collecting the tax, may collect for each tax return period~~,~~ only the tax applicable to that part of the selling price actually received during such tax return period.

On and after January 1, 2018, with respect to servicemen whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act shall be filed electronically. Servicemen who demonstrate that they do not have access to the Internet or demonstrate hardship in filing electronically may petition the Department to waive the electronic filing requirement.

The Department may require returns to be filed on a quarterly basis. If so required, a return for each calendar quarter shall be filed on or before the twentieth day of the calendar month following the end of such calendar quarter. The taxpayer shall also file a return with the Department for each of the first two months of each calendar quarter, on or before

the twentieth day of the following calendar month, stating:

1. The name of the seller;

2. The address of the principal place of business from which he engages in business as a serviceman in this State;

3. The total amount of taxable receipts received by him during the preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;

4. The amount of credit provided in Section 2d of this Act;

5. The amount of tax due;

5-5. The signature of the taxpayer; and

6. Such other reasonable information as the Department may require.

Each serviceman required or authorized to collect the tax imposed by this Act on aviation fuel transferred as an incident of a sale of service in this State during the preceding calendar month shall, instead of reporting and paying tax on aviation fuel as otherwise required by this Section, report and pay such tax on a separate aviation fuel tax return. The requirements related to the return shall be as otherwise provided in this Section. Notwithstanding any other provisions of this Act to the contrary, servicemen collecting tax on aviation fuel shall file all aviation fuel tax returns and shall make all aviation fuel tax payments by electronic

means in the manner and form required by the Department. For purposes of this Section, "aviation fuel" means jet fuel and aviation gasoline.

If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.

Notwithstanding any other provision of this Act to the contrary, servicemen subject to tax on cannabis shall file all cannabis tax returns and shall make all cannabis tax payments by electronic means in the manner and form required by the Department.

Beginning October 1, 1993, a taxpayer who has an average monthly tax liability of $150,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1994, a taxpayer who has an average monthly tax liability of $100,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities

under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" means the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

Before August 1 of each year beginning in 1993, the Department shall notify all taxpayers required to make payments by electronic funds transfer. All taxpayers required to make payments by electronic funds transfer shall make those payments for a minimum of one year beginning on October 1.

Any taxpayer not required to make payments by electronic funds transfer may make payments by electronic funds transfer with the permission of the Department.

All taxpayers required to make payment by electronic funds transfer and any taxpayers authorized to voluntarily make payments by electronic funds transfer shall make those payments in the manner authorized by the Department.

The Department shall adopt such rules as are necessary to effectuate a program of electronic funds transfer and the requirements of this Section.

If the serviceman is otherwise required to file a monthly return and if the serviceman's average monthly tax liability to the Department does not exceed $200, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February, and March of a given year being due by April 20 of such year; with the return for April, May, and June of a given year being due by July 20 of such year; with the return for July, August, and September of a given year being due by October 20 of such year, and with the return for October, November, and December of a given year being due by January 20 of the following year.

If the serviceman is otherwise required to file a monthly or quarterly return and if the serviceman's average monthly tax liability to the Department does not exceed $50, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 20 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Act concerning the time within which a serviceman may file his return, in the case of any serviceman who ceases to engage in a kind of business which makes him responsible for filing returns under this Act, such serviceman shall file a final return under this Act with the Department not more than one ~~1~~ month after

discontinuing such business.

Where a serviceman collects the tax with respect to the selling price of property which he sells and the purchaser thereafter returns such property and the serviceman refunds the selling price thereof to the purchaser, such serviceman shall also refund, to the purchaser, the tax so collected from the purchaser. When filing his return for the period in which he refunds such tax to the purchaser, the serviceman may deduct the amount of the tax so refunded by him to the purchaser from any other Service Use Tax, Service Occupation Tax, retailers' occupation tax, or use tax which such serviceman may be required to pay or remit to the Department, as shown by such return, provided that the amount of the tax to be deducted shall previously have been remitted to the Department by such serviceman. If the serviceman shall not previously have remitted the amount of such tax to the Department, he shall be entitled to no deduction hereunder upon refunding such tax to the purchaser.

Any serviceman filing a return hereunder shall also include the total tax upon the selling price of tangible personal property purchased for use by him as an incident to a sale of service, and such serviceman shall remit the amount of such tax to the Department when filing such return.

If experience indicates such action to be practicable, the Department may prescribe and furnish a combination or joint return which will enable servicemen, who are required to file

returns hereunder and also under the Service Occupation Tax Act, to furnish all the return information required by both Acts on the one form.

Where the serviceman has more than one business registered with the Department under separate registration hereunder, such serviceman shall not file each return that is due as a single return covering all such registered businesses, but shall file separate returns for each such registered business.

Beginning January 1, 1990, each month the Department shall pay into the State and Local Tax Reform Fund, a special fund in the State treasury ~~Treasury~~, the net revenue realized for the preceding month from the 1% tax imposed under this Act.

Beginning January 1, 1990, each month the Department shall pay into the State and Local Sales Tax Reform Fund 20% of the net revenue realized for the preceding month from the 6.25% general rate on transfers of tangible personal property, other than (i) tangible personal property which is purchased outside Illinois at retail from a retailer and which is titled or registered by an agency of this State's government and (ii) aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

For aviation fuel sold on or after December 1, 2019, each month the Department shall pay into the State Aviation Program Fund 20% of the net revenue realized for the preceding month

from the 6.25% general rate on the selling price of aviation fuel, less an amount estimated by the Department to be required for refunds of the 20% portion of the tax on aviation fuel under this Act, which amount shall be deposited into the Aviation Fuel Sales Tax Refund Fund. The Department shall only pay moneys into the State Aviation Program Fund and the Aviation Fuel Sales Tax Refund Fund under this Act for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the State and Local Sales Tax Reform Fund 100% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol.

Beginning October 1, 2009, each month the Department shall pay into the Capital Projects Fund an amount that is equal to an amount estimated by the Department to represent 80% of the net revenue realized for the preceding month from the sale of candy, grooming and hygiene products, and soft drinks that had been taxed at a rate of 1% prior to September 1, 2009 but that are now taxed at 6.25%.

Beginning July 1, 2013, each month the Department shall pay into the Underground Storage Tank Fund from the proceeds collected under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act an amount equal to the average monthly deficit in the Underground Storage Tank Fund during the prior year, as certified annually

by the Illinois Environmental Protection Agency, but the total payment into the Underground Storage Tank Fund under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act shall not exceed $18,000,000 in any State fiscal year. As used in this paragraph, the "average monthly deficit" shall be equal to the difference between the average monthly claims for payment by the fund and the average monthly revenues deposited into the fund, excluding payments made pursuant to this paragraph.

Beginning July 1, 2015, of the remainder of the moneys received by the Department under the Use Tax Act, this Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, each month the Department shall deposit $500,000 into the State Crime Laboratory Fund.

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%, as the case may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to Section 3 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case

may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as defined in Section 3 of the Retailers' Occupation Tax Act), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund during such month and (2) the amount transferred during such month to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year; and, further provided, that the amounts payable into the Build Illinois Fund under this clause (b) shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing Bonds issued and outstanding pursuant to the Build

Illinois Bond Act is sufficient, taking into account any future investment income, to fully provide, in accordance with such indenture, for the defeasance of or the payment of the principal of, premium, if any, and interest on the Bonds secured by such indenture and on any Bonds expected to be issued thereafter and all fees and costs payable with respect thereto, all as certified by the Director of the Bureau of the Budget (now Governor's Office of Management and Budget). If on the last business day of any month in which Bonds are outstanding pursuant to the Build Illinois Bond Act, the aggregate of the moneys deposited in the Build Illinois Bond Account in the Build Illinois Fund in such month shall be less than the amount required to be transferred in such month from the Build Illinois Bond Account to the Build Illinois Bond Retirement and Interest Fund pursuant to Section 13 of the Build Illinois Bond Act, an amount equal to such deficiency shall be immediately paid from other moneys received by the Department pursuant to the Tax Acts to the Build Illinois Fund; provided, however, that any amounts paid to the Build Illinois Fund in any fiscal year pursuant to this sentence shall be deemed to constitute payments pursuant to clause (b) of the preceding sentence and shall reduce the amount otherwise payable for such fiscal year pursuant to clause (b) of the preceding sentence. The moneys received by the Department pursuant to this Act and required to be deposited into the Build Illinois Fund are subject to the pledge, claim

and charge set forth in Section 12 of the Build Illinois Bond Act.

Subject to payment of amounts into the Build Illinois Fund as provided in the preceding paragraph or in any amendment thereto hereafter enacted, the following specified monthly installment of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority provided under Section 8.25f of the State Finance Act, but not in excess of the sums designated as "Total Deposit", shall be deposited in the aggregate from collections under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act into the McCormick Place Expansion Project Fund in the specified fiscal years.

Fiscal Year	Total Deposit
1993	$0
1994	53,000,000
1995	58,000,000
1996	61,000,000
1997	64,000,000
1998	68,000,000
1999	71,000,000
2000	75,000,000
2001	80,000,000
2002	93,000,000

1	2003	99,000,000
2	2004	103,000,000
3	2005	108,000,000
4	2006	113,000,000
5	2007	119,000,000
6	2008	126,000,000
7	2009	132,000,000
8	2010	139,000,000
9	2011	146,000,000
10	2012	153,000,000
11	2013	161,000,000
12	2014	170,000,000
13	2015	179,000,000
14	2016	189,000,000
15	2017	199,000,000
16	2018	210,000,000
17	2019	221,000,000
18	2020	233,000,000
19	2021	300,000,000
20	2022	300,000,000
21	2023	300,000,000
22	2024	300,000,000
23	2025	300,000,000
24	2026	300,000,000
25	2027	375,000,000
26	2028	375,000,000

2029	375,000,000
2030	375,000,000
2031	375,000,000
2032	375,000,000
2033	375,000,000
2034	375,000,000
2035	375,000,000
2036	450,000,000
and	
each fiscal year thereafter that bonds are outstanding under Section 13.2 of the Metropolitan Pier and Exposition Authority Act, but not after fiscal year 2060.	

Beginning July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority for that fiscal year, less the amount deposited into the McCormick Place Expansion Project Fund by the State Treasurer in the respective month under subsection (g) of Section 13 of the Metropolitan Pier and Exposition Authority Act, plus cumulative deficiencies in the deposits required under this Section for previous months and years, shall be deposited into the McCormick Place Expansion Project

Fund, until the full amount requested for the fiscal year, but not in excess of the amount specified above as "Total Deposit", has been deposited.

Subject to payment of amounts into the Capital Projects Fund, the Clean Air Act Permit Fund, the Build Illinois Fund, and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, for aviation fuel sold on or after December 1, 2019, the Department shall each month deposit into the Aviation Fuel Sales Tax Refund Fund an amount estimated by the Department to be required for refunds of the 80% portion of the tax on aviation fuel under this Act. The Department shall only deposit moneys into the Aviation Fuel Sales Tax Refund Fund under this paragraph for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Subject to payment of amounts into the Build Illinois Fund and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, beginning July 1, 1993 and ending on September 30, 2013, the Department shall each month pay into the Illinois Tax Increment Fund 0.27% of 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property.

Subject to payment of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois

Tax Increment Fund, pursuant to the preceding paragraphs or in any amendments to this Section hereafter enacted, beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098), each month, from the collections made under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act, the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue, an amount equal to 1/12 of 5% of 80% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and associated local occupation and use taxes administered by the Department.

Subject to payments of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, beginning on July 1, 2018 the Department shall pay each month into the Downstate Public Transportation Fund the moneys required to be so paid under Section 2-3 of the Downstate Public Transportation Act.

Subject to successful execution and delivery of a public-private agreement between the public agency and private

entity and completion of the civic build, beginning on July 1, 2023, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, the Department shall deposit the following specified deposits in the aggregate from collections under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, as required under Section 8.25g of the State Finance Act for distribution consistent with the Public-Private Partnership for Civic and Transit Infrastructure Project Act. The moneys received by the Department pursuant to this Act and required to be deposited into the Civic and Transit Infrastructure Fund are subject to the pledge, claim, and charge set forth in Section 25-55 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act. As used in this paragraph, "civic build", "private entity", "public-private agreement", and "public agency" have the meanings provided in Section 25-10 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act.

Fiscal Year	Total Deposit
2024	$200,000,000
2025	$206,000,000
2026	$212,200,000
2027	$218,500,000
2028	$225,100,000
2029	$288,700,000

2030 ..... $298,900,000
2031 ..... $309,300,000
2032 ..... $320,100,000
2033 ..... $331,200,000
2034 ..... $341,200,000
2035 ..... $351,400,000
2036 ..... $361,900,000
2037 ..... $372,800,000
2038 ..... $384,000,000
2039 ..... $395,500,000
2040 ..... $407,400,000
2041 ..... $419,600,000
2042 ..... $432,200,000
2043 ..... $445,100,000

Beginning July 1, 2021 and until July 1, 2022, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Energy Infrastructure Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 16% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2022 and until July 1, 2023, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax

Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 32% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2023 and until July 1, 2024, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 48% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2024 and until July 1, 2025, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 64% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning on July 1, 2025, subject to the payment of amounts into the State and Local Sales Tax Reform Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount

estimated to represent 80% of the net revenue realized from the taxes imposed on motor fuel and gasohol. As used in this paragraph "motor fuel" has the meaning given to that term in Section 1.1 of the Motor Fuel Tax Law, and "gasohol" has the meaning given to that term in Section 3-40 of the Use Tax Act.

Until July 1, 2025, of ~~Of~~ the remainder of the moneys received by the Department pursuant to this Act, 75% thereof shall be paid into the General Revenue Fund of the State treasury ~~Treasury~~ and 25% shall be reserved in a special account and used only for the transfer to the Common School Fund as part of the monthly transfer from the General Revenue Fund in accordance with Section 8a of the State Finance Act. Beginning July 1, 2025, of the remainder of the moneys received by the Department pursuant to this Act, 75% shall be deposited into the General Revenue Fund and 25% shall be deposited into the Common School Fund.

As soon as possible after the first day of each month, upon certification of the Department of Revenue, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the Motor Fuel Tax Fund an amount equal to 1.7% of 80% of the net revenue realized under this Act for the second preceding month. Beginning April 1, 2000, this transfer is no longer required and shall not be made.

Net revenue realized for a month shall be the revenue collected by the State pursuant to this Act, less the amount paid out during that month as refunds to taxpayers for

overpayment of liability.

(Source: P.A. 102-700, eff. 4-19-22; 103-363, eff. 7-28-23; 103-592, Article 75, Section 75-10, eff. 1-1-25; 103-592, Article 110, Section 110-10, eff. 6-7-24; revised 11-26-24.)

Section 35-30. The Service Occupation Tax Act is amended by changing Sections 2d and 9 as follows:

(35 ILCS 115/2d)

Sec. 2d. Motor vehicles; trailers; use as rolling stock definition.

(a) (Blank).

(b) (Blank).

(c) This subsection (c) applies to motor vehicles, other than limousines, purchased through June 30, 2017. For motor vehicles, other than limousines, purchased on or after July 1, 2017, subsection (d-5) applies. This subsection (c) applies to limousines purchased before, on, or after July 1, 2017. "Use as rolling stock moving in interstate commerce" in paragraph (d-1) of the definition of "sale of service" in Section 2 occurs for motor vehicles, as defined in Section 1-146 of the Illinois Vehicle Code, when during a 12-month period the rolling stock has carried persons or property for hire in interstate commerce for greater than 50% of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption shall make an

election at the time of purchase to use either the trips or mileage method. Persons who purchased motor vehicles prior to July 1, 2004 shall make an election to use either the trips or mileage method and document that election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to have chosen the mileage method.

For purposes of determining qualifying trips or miles, motor vehicles that carry persons or property for hire, even just between points in Illinois, will be considered used for hire in interstate commerce if the motor vehicle transports persons whose journeys or property whose shipments originate or terminate outside Illinois. The exemption for motor vehicles used as rolling stock moving in interstate commerce may be claimed only for the following vehicles: (i) motor vehicles whose gross vehicle weight rating exceeds 16,000 pounds; and (ii) limousines, as defined in Section 1-139.1 of the Illinois Vehicle Code. On and after July 1, 2025, the exemption for limousines applies only if those limousines are not used to provide transportation network company services, as defined in the Transportation Network Providers Act. Through June 30, 2017, this definition applies to all property purchased for the purpose of being attached to those motor vehicles as a part thereof. On and after July 1, 2017, this definition applies to property purchased for the purpose of being attached to limousines as a part thereof. With respect

to property that is transferred incident to a sale of service on or after July 1, 2025 for the purpose of being attached to a limousine as a part thereof, this definition applies only if the limousine is not used to provide transportation network company services, as defined in the Transportation Network Providers Act.

(d) For purchases made through June 30, 2017, "use as rolling stock moving in interstate commerce" in paragraph (d-1) of the definition of "sale of service" in Section 2 occurs for trailers, as defined in Section 1-209 of the Illinois Vehicle Code, semitrailers as defined in Section 1-187 of the Illinois Vehicle Code, and pole trailers as defined in Section 1-161 of the Illinois Vehicle Code, when during a 12-month period the rolling stock has carried persons or property for hire in interstate commerce for greater than 50% of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption for a trailer or trailers that will not be dedicated to a motor vehicle or group of motor vehicles shall make an election at the time of purchase to use either the trips or mileage method. Persons who purchased trailers prior to July 1, 2004 that are not dedicated to a motor vehicle or group of motor vehicles shall make an election to use either the trips or mileage method and document that election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to

have chosen the mileage method.

For purposes of determining qualifying trips or miles, trailers, semitrailers, or pole trailers that carry property for hire, even just between points in Illinois, will be considered used for hire in interstate commerce if the trailers, semitrailers, or pole trailers transport property whose shipments originate or terminate outside Illinois. This definition applies to all property purchased for the purpose of being attached to those trailers, semitrailers, or pole trailers as a part thereof. In lieu of a person providing documentation regarding the qualifying use of each individual trailer, semitrailer, or pole trailer, that person may document such qualifying use by providing documentation of the following:

(1) If a trailer, semitrailer, or pole trailer is dedicated to a motor vehicle that qualifies as rolling stock moving in interstate commerce under subsection (c) of this Section, then that trailer, semitrailer, or pole trailer qualifies as rolling stock moving in interstate commerce under this subsection.

(2) If a trailer, semitrailer, or pole trailer is dedicated to a group of motor vehicles that all qualify as rolling stock moving in interstate commerce under subsection (c) of this Section, then that trailer, semitrailer, or pole trailer qualifies as rolling stock moving in interstate commerce under this subsection.

(3) If one or more trailers, semitrailers, or pole trailers are dedicated to a group of motor vehicles and not all of those motor vehicles in that group qualify as rolling stock moving in interstate commerce under subsection (c) of this Section, then the percentage of those trailers, semitrailers, or pole trailers that qualifies as rolling stock moving in interstate commerce under this subsection is equal to the percentage of those motor vehicles in that group that qualify as rolling stock moving in interstate commerce under subsection (c) of this Section to which those trailers, semitrailers, or pole trailers are dedicated. However, to determine the qualification for the exemption provided under this item (3), the mathematical application of the qualifying percentage to one or more trailers, semitrailers, or pole trailers under this subpart shall not be allowed as to any fraction of a trailer, semitrailer, or pole trailer.

(d-5) For motor vehicles and trailers purchased on or after July 1, 2017, "use as rolling stock moving in interstate commerce" means that:

(1) the motor vehicle or trailer is used to transport persons or property for hire;

(2) for purposes of the exemption under paragraph (d-1) of the definition of "sale of service" in Section 2, the purchaser who is an owner, lessor, or shipper claiming the exemption certifies that the motor vehicle or trailer

will be utilized, from the time of purchase and continuing through the statute of limitations for issuing a notice of tax liability under this Act, by an interstate carrier or carriers for hire who hold, and are required by Federal Motor Carrier Safety Administration regulations to hold, an active USDOT Number with the Carrier Operation listed as "Interstate" and the Operation Classification listed as "authorized for hire", "exempt for hire", or both "authorized for hire" and "exempt for hire"; except that this paragraph (2) does not apply to a motor vehicle or trailer used at an airport to support the operation of an aircraft moving in interstate commerce, as long as (i) in the case of a motor vehicle, the motor vehicle meets paragraphs (1) and (3) of this subsection (d-5) or (ii) in the case of a trailer, the trailer meets paragraph (1) of this subsection (d-5); and

(3) for motor vehicles, the gross vehicle weight rating exceeds 16,000 pounds.

The definition of "use as rolling stock moving in interstate commerce" in this subsection (d-5) applies to all property purchased on or after July 1, 2017 for the purpose of being attached to a motor vehicle or trailer as a part thereof, regardless of whether the motor vehicle or trailer was purchased before, on, or after July 1, 2017.

If an item ceases to meet requirements (1) through (3) under this subsection (d-5), then the tax is imposed on the

selling price, allowing for a reasonable depreciation for the period during which the item qualified for the exemption.

For purposes of this subsection (d-5):

"Motor vehicle" excludes limousines, but otherwise means that term as defined in Section 1-146 of the Illinois Vehicle Code.

"Trailer" means (i) "trailer", as defined in Section 1-209 of the Illinois Vehicle Code, (ii) "semitrailer", as defined in Section 1-187 of the Illinois Vehicle Code, and (iii) "pole trailer", as defined in Section 1-161 of the Illinois Vehicle Code.

(e) For aircraft and watercraft purchased on or after January 1, 2014, "use as rolling stock moving in interstate commerce" in paragraph (d-1) of the definition of "sale of service" in Section 2 occurs when, during a 12-month period, the rolling stock has carried persons or property for hire in interstate commerce for greater than 50% of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption shall make an election at the time of purchase to use either the trips or mileage method and document that election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to have chosen the mileage method. For aircraft, flight hours may be used in lieu of recording miles in determining whether the aircraft meets the mileage test in this subsection. For

watercraft, nautical miles or trip hours may be used in lieu of recording miles in determining whether the watercraft meets the mileage test in this subsection.

Notwithstanding any other provision of law to the contrary, property purchased on or after January 1, 2014 for the purpose of being attached to aircraft or watercraft as a part thereof qualifies as rolling stock moving in interstate commerce only if the aircraft or watercraft to which it will be attached qualifies as rolling stock moving in interstate commerce under the test set forth in this subsection (e), regardless of when the aircraft or watercraft was purchased. Persons who purchased aircraft or watercraft prior to January 1, 2014 shall make an election to use either the trips or mileage method and document that election in their books and records for the purpose of determining whether property purchased on or after January 1, 2014 for the purpose of being attached to aircraft or watercraft as a part thereof qualifies as rolling stock moving in interstate commerce under this subsection (e).

(f) The election to use either the trips or mileage method made under the provisions of subsections (c), (d), or (e) of this Section will remain in effect for the duration of the purchaser's ownership of that item.

(Source: P.A. 102-558, eff. 8-20-21.)

(35 ILCS 115/9) (from Ch. 120, par. 439.109)

Sec. 9. Each serviceman required or authorized to collect the tax herein imposed shall pay to the Department the amount of such tax at the time when he is required to file his return for the period during which such tax was collectible, less a discount of 2.1% prior to January 1, 1990, and 1.75% on and after January 1, 1990, or $5 per calendar year, whichever is greater, which is allowed to reimburse the serviceman for expenses incurred in collecting the tax, keeping records, preparing and filing returns, remitting the tax, and supplying data to the Department on request. Beginning with returns due on or after January 1, 2025, the vendor's discount allowed in this Section, the Retailers' Occupation Tax Act, the Use Tax Act, and the Service Use Tax Act, including any local tax administered by the Department and reported on the same return, shall not exceed $1,000 per month in the aggregate. When determining the discount allowed under this Section, servicemen shall include the amount of tax that would have been due at the 1% rate but for the 0% rate imposed under Public Act 102-700. The discount under this Section is not allowed for the 1.25% portion of taxes paid on aviation fuel that is subject to the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133. The discount allowed under this Section is allowed only for returns that are filed in the manner required by this Act. The Department may disallow the discount for servicemen whose certificate of registration is revoked at the time the return is filed, but only if the

Department's decision to revoke the certificate of registration has become final.

Where such tangible personal property is sold under a conditional sales contract, or under any other form of sale wherein the payment of the principal sum, or a part thereof, is extended beyond the close of the period for which the return is filed, the serviceman, in collecting the tax may collect, for each tax return period, only the tax applicable to the part of the selling price actually received during such tax return period.

Except as provided hereinafter in this Section, on or before the twentieth day of each calendar month, such serviceman shall file a return for the preceding calendar month in accordance with reasonable rules and regulations to be promulgated by the Department of Revenue. Such return shall be filed on a form prescribed by the Department and shall contain such information as the Department may reasonably require. The return shall include the gross receipts which were received during the preceding calendar month or quarter on the following items upon which tax would have been due but for the 0% rate imposed under Public Act 102-700: (i) food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption); and (ii) food prepared for immediate consumption and

transferred incident to a sale of service subject to this Act or the Service Use Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing Home Care Act, the Assisted Living and Shared Housing Act, the ID/DD Community Care Act, the MC/DD Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969, or an entity that holds a permit issued pursuant to the Life Care Facilities Act. The return shall also include the amount of tax that would have been due on the items listed in the previous sentence but for the 0% rate imposed under Public Act 102-700.

On and after January 1, 2018, with respect to servicemen whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act shall be filed electronically. Servicemen who demonstrate that they do not have access to the Internet or demonstrate hardship in filing electronically may petition the Department to waive the electronic filing requirement.

The Department may require returns to be filed on a quarterly basis. If so required, a return for each calendar quarter shall be filed on or before the twentieth day of the calendar month following the end of such calendar quarter. The taxpayer shall also file a return with the Department for each of the first two months of each calendar quarter, on or before the twentieth day of the following calendar month, stating:

1. The name of the seller;

2. The address of the principal place of business from which he engages in business as a serviceman in this State;

3. The total amount of taxable receipts received by him during the preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;

4. The amount of credit provided in Section 2d of this Act;

5. The amount of tax due;

5-5. The signature of the taxpayer; and

6. Such other reasonable information as the Department may require.

Each serviceman required or authorized to collect the tax herein imposed on aviation fuel acquired as an incident to the purchase of a service in this State during the preceding calendar month shall, instead of reporting and paying tax as otherwise required by this Section, report and pay such tax on a separate aviation fuel tax return. The requirements related to the return shall be as otherwise provided in this Section. Notwithstanding any other provisions of this Act to the contrary, servicemen transferring aviation fuel incident to sales of service shall file all aviation fuel tax returns and shall make all aviation fuel tax payments by electronic means in the manner and form required by the Department. For purposes of this Section, "aviation fuel" means jet fuel and

aviation gasoline.

If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.

Notwithstanding any other provision of this Act to the contrary, servicemen subject to tax on cannabis shall file all cannabis tax returns and shall make all cannabis tax payments by electronic means in the manner and form required by the Department.

Prior to October 1, 2003, and on and after September 1, 2004 a serviceman may accept a Manufacturer's Purchase Credit certification from a purchaser in satisfaction of Service Use Tax as provided in Section 3-70 of the Service Use Tax Act if the purchaser provides the appropriate documentation as required by Section 3-70 of the Service Use Tax Act. A Manufacturer's Purchase Credit certification, accepted prior to October 1, 2003 or on or after September 1, 2004 by a serviceman as provided in Section 3-70 of the Service Use Tax Act, may be used by that serviceman to satisfy Service Occupation Tax liability in the amount claimed in the certification, not to exceed 6.25% of the receipts subject to tax from a qualifying purchase. A Manufacturer's Purchase Credit reported on any original or amended return filed under this Act after October 20, 2003 for reporting periods prior to September 1, 2004 shall be disallowed. Manufacturer's Purchase

Credit reported on annual returns due on or after January 1, 2005 will be disallowed for periods prior to September 1, 2004. No Manufacturer's Purchase Credit may be used after September 30, 2003 through August 31, 2004 to satisfy any tax liability imposed under this Act, including any audit liability.

Beginning on July 1, 2023 and through December 31, 2032, a serviceman may accept a Sustainable Aviation Fuel Purchase Credit certification from an air common carrier-purchaser in satisfaction of Service Use Tax as provided in Section 3-72 of the Service Use Tax Act if the purchaser provides the appropriate documentation as required by Section 3-72 of the Service Use Tax Act. A Sustainable Aviation Fuel Purchase Credit certification accepted by a serviceman in accordance with this paragraph may be used by that serviceman to satisfy service occupation tax liability (but not in satisfaction of penalty or interest) in the amount claimed in the certification, not to exceed 6.25% of the receipts subject to tax from a sale of aviation fuel. In addition, for a sale of aviation fuel to qualify to earn the Sustainable Aviation Fuel Purchase Credit, servicemen must retain in their books and records a certification from the producer of the aviation fuel that the aviation fuel sold by the serviceman and for which a sustainable aviation fuel purchase credit was earned meets the definition of sustainable aviation fuel under Section 3-72 of the Service Use Tax Act. The documentation must include detail

sufficient for the Department to determine the number of gallons of sustainable aviation fuel sold.

If the serviceman's average monthly tax liability to the Department does not exceed $200, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February, and March of a given year being due by April 20 of such year; with the return for April, May, and June of a given year being due by July 20 of such year; with the return for July, August, and September of a given year being due by October 20 of such year, and with the return for October, November, and December of a given year being due by January 20 of the following year.

If the serviceman's average monthly tax liability to the Department does not exceed $50, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 20 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Act concerning the time within which a serviceman may file his return, in the case of any serviceman who ceases to engage in a kind of business which makes him responsible for filing returns under this Act, such serviceman shall file a final return under this Act with the Department not more than one month after discontinuing such business.

Beginning October 1, 1993, a taxpayer who has an average monthly tax liability of $150,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1994, a taxpayer who has an average monthly tax liability of $100,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" means the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

Before August 1 of each year beginning in 1993, the

Department shall notify all taxpayers required to make payments by electronic funds transfer. All taxpayers required to make payments by electronic funds transfer shall make those payments for a minimum of one year beginning on October 1.

Any taxpayer not required to make payments by electronic funds transfer may make payments by electronic funds transfer with the permission of the Department.

All taxpayers required to make payment by electronic funds transfer and any taxpayers authorized to voluntarily make payments by electronic funds transfer shall make those payments in the manner authorized by the Department.

The Department shall adopt such rules as are necessary to effectuate a program of electronic funds transfer and the requirements of this Section.

Where a serviceman collects the tax with respect to the selling price of tangible personal property which he sells and the purchaser thereafter returns such tangible personal property and the serviceman refunds the selling price thereof to the purchaser, such serviceman shall also refund, to the purchaser, the tax so collected from the purchaser. When filing his return for the period in which he refunds such tax to the purchaser, the serviceman may deduct the amount of the tax so refunded by him to the purchaser from any other Service Occupation Tax, Service Use Tax, Retailers' Occupation Tax, or Use Tax which such serviceman may be required to pay or remit to the Department, as shown by such return, provided that the

amount of the tax to be deducted shall previously have been remitted to the Department by such serviceman. If the serviceman shall not previously have remitted the amount of such tax to the Department, he shall be entitled to no deduction hereunder upon refunding such tax to the purchaser.

If experience indicates such action to be practicable, the Department may prescribe and furnish a combination or joint return which will enable servicemen, who are required to file returns hereunder and also under the Retailers' Occupation Tax Act, the Use Tax Act, or the Service Use Tax Act, to furnish all the return information required by all said Acts on the one form.

Where the serviceman has more than one business registered with the Department under separate registrations hereunder, such serviceman shall file separate returns for each registered business.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund the revenue realized for the preceding month from the 1% tax imposed under this Act.

Beginning January 1, 1990, each month the Department shall pay into the County and Mass Transit District Fund 4% of the revenue realized for the preceding month from the 6.25% general rate on sales of tangible personal property other than aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.

47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the County and Mass Transit District Fund 20% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund 16% of the revenue realized for the preceding month from the 6.25% general rate on transfers of tangible personal property other than aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

For aviation fuel sold on or after December 1, 2019, each month the Department shall pay into the State Aviation Program Fund 20% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of aviation fuel, less an amount estimated by the Department to be required for refunds of the 20% portion of the tax on aviation fuel under this Act, which amount shall be deposited into the Aviation Fuel Sales Tax Refund Fund. The Department shall only pay moneys into the State Aviation Program Fund and the Aviation Fuel Sales Tax Refund Fund under this Act for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall

pay into the Local Government Tax Fund 80% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol.

Beginning October 1, 2009, each month the Department shall pay into the Capital Projects Fund an amount that is equal to an amount estimated by the Department to represent 80% of the net revenue realized for the preceding month from the sale of candy, grooming and hygiene products, and soft drinks that had been taxed at a rate of 1% prior to September 1, 2009 but that are now taxed at 6.25%.

Beginning July 1, 2013, each month the Department shall pay into the Underground Storage Tank Fund from the proceeds collected under this Act, the Use Tax Act, the Service Use Tax Act, and the Retailers' Occupation Tax Act an amount equal to the average monthly deficit in the Underground Storage Tank Fund during the prior year, as certified annually by the Illinois Environmental Protection Agency, but the total payment into the Underground Storage Tank Fund under this Act, the Use Tax Act, the Service Use Tax Act, and the Retailers' Occupation Tax Act shall not exceed $18,000,000 in any State fiscal year. As used in this paragraph, the "average monthly deficit" shall be equal to the difference between the average monthly claims for payment by the fund and the average monthly revenues deposited into the fund, excluding payments made pursuant to this paragraph.

Beginning July 1, 2015, of the remainder of the moneys

received by the Department under the Use Tax Act, the Service Use Tax Act, this Act, and the Retailers' Occupation Tax Act, each month the Department shall deposit $500,000 into the State Crime Laboratory Fund.

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%, as the case may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to Section 3 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as defined in Section 3 of the Retailers' Occupation Tax Act), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Account in

the Build Illinois Fund during such month and (2) the amount transferred during such month to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year; and, further provided, that the amounts payable into the Build Illinois Fund under this clause (b) shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing Bonds issued and outstanding pursuant to the Build Illinois Bond Act is sufficient, taking into account any future investment income, to fully provide, in accordance with such indenture, for the defeasance of or the payment of the principal of, premium, if any, and interest on the Bonds secured by such indenture and on any Bonds expected to be issued thereafter and all fees and costs payable with respect thereto, all as certified by the Director of the Bureau of the Budget (now Governor's Office of Management and Budget). If on the last business day of any month in which Bonds are outstanding pursuant to the Build Illinois Bond Act, the

aggregate of the moneys deposited in the Build Illinois Bond Account in the Build Illinois Fund in such month shall be less than the amount required to be transferred in such month from the Build Illinois Bond Account to the Build Illinois Bond Retirement and Interest Fund pursuant to Section 13 of the Build Illinois Bond Act, an amount equal to such deficiency shall be immediately paid from other moneys received by the Department pursuant to the Tax Acts to the Build Illinois Fund; provided, however, that any amounts paid to the Build Illinois Fund in any fiscal year pursuant to this sentence shall be deemed to constitute payments pursuant to clause (b) of the preceding sentence and shall reduce the amount otherwise payable for such fiscal year pursuant to clause (b) of the preceding sentence. The moneys received by the Department pursuant to this Act and required to be deposited into the Build Illinois Fund are subject to the pledge, claim and charge set forth in Section 12 of the Build Illinois Bond Act.

Subject to payment of amounts into the Build Illinois Fund as provided in the preceding paragraph or in any amendment thereto hereafter enacted, the following specified monthly installment of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority provided under Section 8.25f of the State Finance Act, but not in excess of the sums designated as "Total Deposit", shall be deposited in the aggregate from collections under Section 9 of

the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act into the McCormick Place Expansion Project Fund in the specified fiscal years.

Fiscal Year	Total Deposit
1993	$0
1994	53,000,000
1995	58,000,000
1996	61,000,000
1997	64,000,000
1998	68,000,000
1999	71,000,000
2000	75,000,000
2001	80,000,000
2002	93,000,000
2003	99,000,000
2004	103,000,000
2005	108,000,000
2006	113,000,000
2007	119,000,000
2008	126,000,000
2009	132,000,000
2010	139,000,000
2011	146,000,000
2012	153,000,000

2013	161,000,000
2014	170,000,000
2015	179,000,000
2016	189,000,000
2017	199,000,000
2018	210,000,000
2019	221,000,000
2020	233,000,000
2021	300,000,000
2022	300,000,000
2023	300,000,000
2024	300,000,000
2025	300,000,000
2026	300,000,000
2027	375,000,000
2028	375,000,000
2029	375,000,000
2030	375,000,000
2031	375,000,000
2032	375,000,000
2033	375,000,000
2034	375,000,000
2035	375,000,000
2036	450,000,000
and	
each fiscal year	

thereafter that bonds
are outstanding under
Section 13.2 of the
Metropolitan Pier and
Exposition Authority Act,
but not after fiscal year 2060.

Beginning July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority for that fiscal year, less the amount deposited into the McCormick Place Expansion Project Fund by the State Treasurer in the respective month under subsection (g) of Section 13 of the Metropolitan Pier and Exposition Authority Act, plus cumulative deficiencies in the deposits required under this Section for previous months and years, shall be deposited into the McCormick Place Expansion Project Fund, until the full amount requested for the fiscal year, but not in excess of the amount specified above as "Total Deposit", has been deposited.

Subject to payment of amounts into the Capital Projects Fund, the Build Illinois Fund, and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, for aviation fuel sold on or after December 1, 2019, the Department shall each month deposit into the Aviation Fuel Sales Tax Refund Fund an amount estimated by the Department to be required for refunds

of the 80% portion of the tax on aviation fuel under this Act. The Department shall only deposit moneys into the Aviation Fuel Sales Tax Refund Fund under this paragraph for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Subject to payment of amounts into the Build Illinois Fund and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, beginning July 1, 1993 and ending on September 30, 2013, the Department shall each month pay into the Illinois Tax Increment Fund 0.27% of 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property.

Subject to payment of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, and the Illinois Tax Increment Fund pursuant to the preceding paragraphs or in any amendments to this Section hereafter enacted, beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098), each month, from the collections made under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act, the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue, an

amount equal to 1/12 of 5% of 80% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and associated local occupation and use taxes administered by the Department.

Subject to payments of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, beginning on July 1, 2018 the Department shall pay each month into the Downstate Public Transportation Fund the moneys required to be so paid under Section 2-3 of the Downstate Public Transportation Act.

Subject to successful execution and delivery of a public-private agreement between the public agency and private entity and completion of the civic build, beginning on July 1, 2023, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, the Department shall deposit the following specified deposits in the aggregate from collections under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, as required under Section 8.25g of the State Finance Act for distribution consistent with the Public-Private Partnership for Civic and Transit Infrastructure Project Act. The moneys received by the Department pursuant to this Act and

required to be deposited into the Civic and Transit Infrastructure Fund are subject to the pledge, claim and charge set forth in Section 25-55 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act. As used in this paragraph, "civic build", "private entity", "public-private agreement", and "public agency" have the meanings provided in Section 25-10 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act.

Fiscal Year	Total Deposit
2024	$200,000,000
2025	$206,000,000
2026	$212,200,000
2027	$218,500,000
2028	$225,100,000
2029	$288,700,000
2030	$298,900,000
2031	$309,300,000
2032	$320,100,000
2033	$331,200,000
2034	$341,200,000
2035	$351,400,000
2036	$361,900,000
2037	$372,800,000
2038	$384,000,000
2039	$395,500,000
2040	$407,400,000

2041 ..... $419,600,000

2042 ..... $432,200,000

2043 ..... $445,100,000

Beginning July 1, 2021 and until July 1, 2022, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 16% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2022 and until July 1, 2023, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 32% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2023 and until July 1, 2024, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the

Department shall pay each month into the Road Fund the amount estimated to represent 48% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2024 and until July 1, 2025, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 64% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning on July 1, 2025, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 80% of the net revenue realized from the taxes imposed on motor fuel and gasohol. As used in this paragraph "motor fuel" has the meaning given to that term in Section 1.1 of the Motor Fuel Tax Law, and "gasohol" has the meaning given to that term in Section 3-40 of the Use Tax Act.

Until July 1, 2025, of ~~Of~~ the remainder of the moneys received by the Department pursuant to this Act, 75% shall be paid into the General Revenue Fund of the State treasury and

25% shall be reserved in a special account and used only for the transfer to the Common School Fund as part of the monthly transfer from the General Revenue Fund in accordance with Section 8a of the State Finance Act. Beginning July 1, 2025, of the remainder of the moneys received by the Department pursuant to this Act, 75% shall be deposited into the General Revenue Fund and 25% shall be deposited into the Common School Fund.

The Department may, upon separate written notice to a taxpayer, require the taxpayer to prepare and file with the Department on a form prescribed by the Department within not less than 60 days after receipt of the notice an annual information return for the tax year specified in the notice. Such annual return to the Department shall include a statement of gross receipts as shown by the taxpayer's last federal income tax return. If the total receipts of the business as reported in the federal income tax return do not agree with the gross receipts reported to the Department of Revenue for the same period, the taxpayer shall attach to his annual return a schedule showing a reconciliation of the 2 amounts and the reasons for the difference. The taxpayer's annual return to the Department shall also disclose the cost of goods sold by the taxpayer during the year covered by such return, opening and closing inventories of such goods for such year, cost of goods used from stock or taken from stock and given away by the taxpayer during such year, pay roll information of the

taxpayer's business during such year and any additional reasonable information which the Department deems would be helpful in determining the accuracy of the monthly, quarterly or annual returns filed by such taxpayer as hereinbefore provided for in this Section.

If the annual information return required by this Section is not filed when and as required, the taxpayer shall be liable as follows:

(i) Until January 1, 1994, the taxpayer shall be liable for a penalty equal to 1/6 of 1% of the tax due from such taxpayer under this Act during the period to be covered by the annual return for each month or fraction of a month until such return is filed as required, the penalty to be assessed and collected in the same manner as any other penalty provided for in this Act.

(ii) On and after January 1, 1994, the taxpayer shall be liable for a penalty as described in Section 3-4 of the Uniform Penalty and Interest Act.

The chief executive officer, proprietor, owner, or highest ranking manager shall sign the annual return to certify the accuracy of the information contained therein. Any person who willfully signs the annual return containing false or inaccurate information shall be guilty of perjury and punished accordingly. The annual return form prescribed by the Department shall include a warning that the person signing the return may be liable for perjury.

The foregoing portion of this Section concerning the filing of an annual information return shall not apply to a serviceman who is not required to file an income tax return with the United States Government.

As soon as possible after the first day of each month, upon certification of the Department of Revenue, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the Motor Fuel Tax Fund an amount equal to 1.7% of 80% of the net revenue realized under this Act for the second preceding month. Beginning April 1, 2000, this transfer is no longer required and shall not be made.

Net revenue realized for a month shall be the revenue collected by the State pursuant to this Act, less the amount paid out during that month as refunds to taxpayers for overpayment of liability.

For greater simplicity of administration, it shall be permissible for manufacturers, importers and wholesalers whose products are sold by numerous servicemen in Illinois, and who wish to do so, to assume the responsibility for accounting and paying to the Department all tax accruing under this Act with respect to such sales, if the servicemen who are affected do not make written objection to the Department to this arrangement.

(Source: P.A. 102-700, eff. 4-19-22; 103-9, eff. 6-7-23; 103-363, eff. 7-28-23; 103-592, eff. 6-7-24; 103-605, eff. 7-1-24.)

Section 35-35. The Retailers' Occupation Tax Act is amended by changing Sections 2-5, 2-13, 2-51, and 3 as follows:

(35 ILCS 120/2-5)

Sec. 2-5. Exemptions. Gross receipts from proceeds from the sale, which, on and after January 1, 2025, includes the lease, of the following tangible personal property are exempt from the tax imposed by this Act:

(1) Farm chemicals.

(2) Farm machinery and equipment, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for production agriculture or State or federal agricultural programs, including individual replacement parts for the machinery and equipment, including machinery and equipment purchased for lease, and including implements of husbandry defined in Section 1-130 of the Illinois Vehicle Code, farm machinery and agricultural chemical and fertilizer spreaders, and nurse wagons required to be registered under Section 3-809 of the Illinois Vehicle Code, but excluding other motor vehicles required to be registered under the Illinois Vehicle Code. Horticultural polyhouses or hoop houses used for propagating, growing, or overwintering plants shall be considered farm machinery

and equipment under this item (2). Agricultural chemical tender tanks and dry boxes shall include units sold separately from a motor vehicle required to be licensed and units sold mounted on a motor vehicle required to be licensed, if the selling price of the tender is separately stated.

Farm machinery and equipment shall include precision farming equipment that is installed or purchased to be installed on farm machinery and equipment including, but not limited to, tractors, harvesters, sprayers, planters, seeders, or spreaders. Precision farming equipment includes, but is not limited to, soil testing sensors, computers, monitors, software, global positioning and mapping systems, and other such equipment.

Farm machinery and equipment also includes computers, sensors, software, and related equipment used primarily in the computer-assisted operation of production agriculture facilities, equipment, and activities such as, but not limited to, the collection, monitoring, and correlation of animal and crop data for the purpose of formulating animal diets and agricultural chemicals.

Beginning on January 1, 2024, farm machinery and equipment also includes electrical power generation equipment used primarily for production agriculture.

This item (2) is exempt from the provisions of Section 2-70.

(3) Until July 1, 2003, distillation machinery and equipment, sold as a unit or kit, assembled or installed by the retailer, certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of the user, and not subject to sale or resale.

(4) Until July 1, 2003 and beginning again September 1, 2004 through August 30, 2014, graphic arts machinery and equipment, including repair and replacement parts, both new and used, and including that manufactured on special order or purchased for lease, certified by the purchaser to be used primarily for graphic arts production. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a graphic arts product. Beginning on July 1, 2017, graphic arts machinery and equipment is included in the manufacturing and assembling machinery and equipment exemption under paragraph (14).

(5) A motor vehicle that is used for automobile renting, as defined in the Automobile Renting Occupation and Use Tax Act. This paragraph is exempt from the provisions of Section 2-70.

(6) Personal property sold by a teacher-sponsored student organization affiliated with an elementary or

secondary school located in Illinois.

(7) Until July 1, 2003, proceeds of that portion of the selling price of a passenger car the sale of which is subject to the Replacement Vehicle Tax.

(8) Personal property sold to an Illinois county fair association for use in conducting, operating, or promoting the county fair.

(9) Personal property sold to a not-for-profit arts or cultural organization that establishes, by proof required by the Department by rule, that it has received an exemption under Section 501(c)(3) of the Internal Revenue Code and that is organized and operated primarily for the presentation or support of arts or cultural programming, activities, or services. These organizations include, but are not limited to, music and dramatic arts organizations such as symphony orchestras and theatrical groups, arts and cultural service organizations, local arts councils, visual arts organizations, and media arts organizations. On and after July 1, 2001 (the effective date of Public Act 92-35), however, an entity otherwise eligible for this exemption shall not make tax-free purchases unless it has an active identification number issued by the Department.

(10) Personal property sold by a corporation, society, association, foundation, institution, or organization, other than a limited liability company, that is organized and operated as a not-for-profit service enterprise for

the benefit of persons 65 years of age or older if the personal property was not purchased by the enterprise for the purpose of resale by the enterprise.

(11) Except as otherwise provided in this Section, personal property sold to a governmental body, to a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, or to a not-for-profit corporation, society, association, foundation, institution, or organization that has no compensated officers or employees and that is organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes. On and after July 1, 1987, however, no entity otherwise eligible for this exemption shall make tax-free purchases unless it has an active identification number issued by the Department.

(12) (Blank).

(12-5) On and after July 1, 2003 and through June 30, 2004, motor vehicles of the second division with a gross vehicle weight in excess of 8,000 pounds that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of

motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise whether for-hire or not.

(13) Proceeds from sales to owners or lessors, lessees, or shippers of tangible personal property that is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(14) Machinery and equipment that will be used by the purchaser, or a lessee of the purchaser, primarily in the process of manufacturing or assembling tangible personal property for wholesale or retail sale or lease, whether

the sale or lease is made directly by the manufacturer or by some other person, whether the materials used in the process are owned by the manufacturer or some other person, or whether the sale or lease is made apart from or as an incident to the seller's engaging in the service occupation of producing machines, tools, dies, jigs, patterns, gauges, or other similar items of no commercial value on special order for a particular purchaser. The exemption provided by this paragraph (14) does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of Public Act 98-583 are declaratory of existing law as to the meaning and scope of this exemption. Beginning on July 1, 2017, the exemption provided by this paragraph (14) includes, but is not limited to, graphic arts machinery and equipment, as defined in paragraph (4) of this Section.

(15) Proceeds of mandatory service charges separately stated on customers' bills for purchase and consumption of food and beverages, to the extent that the proceeds of the service charge are in fact turned over as tips or as a

substitute for tips to the employees who participate directly in preparing, serving, hosting or cleaning up the food or beverage function with respect to which the service charge is imposed.

(16) Tangible personal property sold to a purchaser if the purchaser is exempt from use tax by operation of federal law. This paragraph is exempt from the provisions of Section 2-70.

(17) Tangible personal property sold to a common carrier by rail or motor that receives the physical possession of the property in Illinois and that transports the property, or shares with another common carrier in the transportation of the property, out of Illinois on a standard uniform bill of lading showing the seller of the property as the shipper or consignor of the property to a destination outside Illinois, for use outside Illinois.

(18) Legal tender, currency, medallions, or gold or silver coinage issued by the State of Illinois, the government of the United States of America, or the government of any foreign country, and bullion.

(19) Until July 1, 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual

replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

(20) Photoprocessing machinery and equipment, including repair and replacement parts, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for photoprocessing, and including photoprocessing machinery and equipment purchased for lease.

(21) Until July 1, 2028, coal and aggregate exploration, mining, off-highway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding motor vehicles required to be registered under the Illinois Vehicle Code. The changes made to this Section by Public Act 97-767 apply on and after July 1, 2003, but no claim for credit or refund is allowed on or after August 16, 2013 (the effective date of Public Act 98-456) for such taxes paid during the period beginning July 1, 2003 and ending on August 16, 2013 (the effective date of Public Act 98-456).

(22) Until June 30, 2013, fuel and petroleum products sold to or used by an air carrier, certified by the carrier to be used for consumption, shipment, or storage in the conduct of its business as an air common carrier, for a

flight destined for or returning from a location or locations outside the United States without regard to previous or subsequent domestic stopovers.

Beginning July 1, 2013, fuel and petroleum products sold to or used by an air carrier, certified by the carrier to be used for consumption, shipment, or storage in the conduct of its business as an air common carrier, for a flight that (i) is engaged in foreign trade or is engaged in trade between the United States and any of its possessions and (ii) transports at least one individual or package for hire from the city of origination to the city of final destination on the same aircraft, without regard to a change in the flight number of that aircraft.

(23) A transaction in which the purchase order is received by a florist who is located outside Illinois, but who has a florist located in Illinois deliver the property to the purchaser or the purchaser's donee in Illinois.

(24) Fuel consumed or used in the operation of ships, barges, or vessels that are used primarily in or for the transportation of property or the conveyance of persons for hire on rivers bordering on this State if the fuel is delivered by the seller to the purchaser's barge, ship, or vessel while it is afloat upon that bordering river.

(25) Except as provided in items ~~item~~ (25-5) and (25-6) of this Section, a motor vehicle sold in this State to a nonresident even though the motor vehicle is

delivered to the nonresident in this State, if the motor vehicle is not to be titled in this State, and if a drive-away permit is issued to the motor vehicle as provided in Section 3-603 of the Illinois Vehicle Code or if the nonresident purchaser has vehicle registration plates to transfer to the motor vehicle upon returning to his or her home state. The issuance of the drive-away permit or having the out-of-state registration plates to be transferred is prima facie evidence that the motor vehicle will not be titled in this State.

(25-5) The exemption under item (25) does not apply if the state in which the motor vehicle will be titled does not allow a reciprocal exemption for a motor vehicle sold and delivered in that state to an Illinois resident but titled in Illinois. The tax collected under this Act on the sale of a motor vehicle in this State to a resident of another state that does not allow a reciprocal exemption shall be imposed at a rate equal to the state's rate of tax on taxable property in the state in which the purchaser is a resident, except that the tax shall not exceed the tax that would otherwise be imposed under this Act. At the time of the sale, the purchaser shall execute a statement, signed under penalty of perjury, of his or her intent to title the vehicle in the state in which the purchaser is a resident within 30 days after the sale and of the fact of the payment to the State of Illinois of tax in an amount

equivalent to the state's rate of tax on taxable property in his or her state of residence and shall submit the statement to the appropriate tax collection agency in his or her state of residence. In addition, the retailer must retain a signed copy of the statement in his or her records. Nothing in this item shall be construed to require the removal of the vehicle from this state following the filing of an intent to title the vehicle in the purchaser's state of residence if the purchaser titles the vehicle in his or her state of residence within 30 days after the date of sale. The tax collected under this Act in accordance with this item (25-5) shall be proportionately distributed as if the tax were collected at the 6.25% general rate imposed under this Act.

(25-6) There is a rebuttable presumption that the exemption under item (25) does not apply if the purchaser is a limited liability company and a member of the limited liability company is a resident of Illinois. This presumption may be rebutted by other evidence, such as evidence the motor vehicle is insured at a garaging or storage address outside Illinois or other evidence of the physical address at which the motor vehicle will be permanently stored or garaged outside Illinois.

(25-7) Beginning on July 1, 2007, no tax is imposed under this Act on the sale of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, if all of the

following conditions are met:

(1) the aircraft leaves this State within 15 days after the later of either the issuance of the final billing for the sale of the aircraft, or the authorized approval for return to service, completion of the maintenance record entry, and completion of the test flight and ground test for inspection, as required by 14 CFR 91.407;

(2) the aircraft is not based or registered in this State after the sale of the aircraft; and

(3) the seller retains in his or her books and records and provides to the Department a signed and dated certification from the purchaser, on a form prescribed by the Department, certifying that the requirements of this item (25-7) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

For purposes of this item (25-7):

"Based in this State" means hangared, stored, or otherwise used, excluding post-sale customizations as defined in this Section, for 10 or more days in each 12-month period immediately following the date of the sale

of the aircraft.

"Registered in this State" means an aircraft registered with the Department of Transportation, Aeronautics Division, or titled or registered with the Federal Aviation Administration to an address located in this State.

This paragraph (25-7) is exempt from the provisions of Section 2-70.

(26) Semen used for artificial insemination of livestock for direct agricultural production.

(27) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (27) is exempt from the provisions of Section 2-70, and the exemption provided for under this item (27) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 (the effective date of Public Act 95-88) for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008 (the effective date of Public Act 95-88).

(28) Computers and communications equipment utilized for any hospital purpose and equipment used in the

diagnosis, analysis, or treatment of hospital patients sold to a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time of the purchase, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of this Act.

(29) Personal property sold to a lessor who leases the property, under a lease of one year or longer executed or in effect at the time of the purchase, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of this Act.

(30) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is donated for disaster relief to be used in a State or federally declared disaster area in Illinois or bordering Illinois by a manufacturer or retailer that is registered in this State to a corporation, society, association, foundation, or institution that has been issued a sales tax exemption identification number by the Department that assists victims of the disaster who reside within the declared disaster area.

(31) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is

used in the performance of infrastructure repairs in this State, including, but not limited to, municipal roads and streets, access roads, bridges, sidewalks, waste disposal systems, water and sewer line extensions, water distribution and purification facilities, storm water drainage and retention facilities, and sewage treatment facilities, resulting from a State or federally declared disaster in Illinois or bordering Illinois when such repairs are initiated on facilities located in the declared disaster area within 6 months after the disaster.

(32) Beginning July 1, 1999, game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 2-70.

(33) A motor vehicle, as that term is defined in Section 1-146 of the Illinois Vehicle Code, that is donated to a corporation, limited liability company, society, association, foundation, or institution that is determined by the Department to be organized and operated exclusively for educational purposes. For purposes of this exemption, "a corporation, limited liability company, society, association, foundation, or institution organized and operated exclusively for educational purposes" means all tax-supported public schools, private schools that offer systematic instruction in useful branches of learning by methods common to public schools and that

compare favorably in their scope and intensity with the course of study presented in tax-supported schools, and vocational or technical schools or institutes organized and operated exclusively to provide a course of study of not less than 6 weeks duration and designed to prepare individuals to follow a trade or to pursue a manual, technical, mechanical, industrial, business, or commercial occupation.

(34) Beginning January 1, 2000, personal property, including food, purchased through fundraising events for the benefit of a public or private elementary or secondary school, a group of those schools, or one or more school districts if the events are sponsored by an entity recognized by the school district that consists primarily of volunteers and includes parents and teachers of the school children. This paragraph does not apply to fundraising events (i) for the benefit of private home instruction or (ii) for which the fundraising entity purchases the personal property sold at the events from another individual or entity that sold the property for the purpose of resale by the fundraising entity and that profits from the sale to the fundraising entity. This paragraph is exempt from the provisions of Section 2-70.

(35) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including

coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 2-70.

(35-5) Beginning August 23, 2001 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or a licensed facility as defined in the ID/DD Community Care Act, the MC/DD Act, or the Specialized Mental Health Rehabilitation Act of 2013.

(36) Beginning August 2, 2001, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients sold to a lessor who leases

the equipment, under a lease of one year or longer executed or in effect at the time of the purchase, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of this Act. This paragraph is exempt from the provisions of Section 2-70.

(37) Beginning August 2, 2001, personal property sold to a lessor who leases the property, under a lease of one year or longer executed or in effect at the time of the purchase, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of this Act. This paragraph is exempt from the provisions of Section 2-70.

(38) Beginning on January 1, 2002 and through June 30, 2016, tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized purchasing activities in Illinois who will, upon receipt of the property in Illinois, temporarily store the property in Illinois (i) for the purpose of subsequently transporting it outside this State for use or consumption thereafter solely outside this State or (ii) for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property to be transported outside this State and thereafter used or consumed solely outside this State. The Director of Revenue shall, pursuant to rules adopted in

accordance with the Illinois Administrative Procedure Act, issue a permit to any taxpayer in good standing with the Department who is eligible for the exemption under this paragraph (38). The permit issued under this paragraph (38) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(39) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 2-70.

(40) Beginning January 1, 2010 and continuing through December 31, 2029, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion,

replacement, repair, and maintenance of aircraft. However, until January 1, 2024, this exemption excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films.

Beginning January 1, 2010 and continuing through December 31, 2023, this exemption applies only to the sale of qualifying tangible personal property to persons who modify, refurbish, complete, replace, or maintain an aircraft and who (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations. From January 1, 2024 through December 31, 2029, this exemption applies only to the sale of qualifying tangible personal property to: (A) persons who modify, refurbish, complete, repair,

replace, or maintain aircraft and who (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations; and (B) persons who engage in the modification, replacement, repair, and maintenance of aircraft engines or power plants without regard to whether or not those persons meet the qualifications of item (A).

The changes made to this paragraph (40) by Public Act 98-534 are declarative of existing law. It is the intent of the General Assembly that the exemption under this paragraph (40) applies continuously from January 1, 2010 through December 31, 2024; however, no claim for credit or refund is allowed for taxes paid as a result of the disallowance of this exemption on or after January 1, 2015 and prior to February 5, 2020 (the effective date of Public Act 101-629).

(41) Tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality

at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 2-70.

(42) Beginning January 1, 2017 and through December 31, 2026, menstrual pads, tampons, and menstrual cups.

(43) Merchandise that is subject to the Rental Purchase Agreement Occupation and Use Tax. The purchaser must certify that the item is purchased to be rented subject to a rental-purchase agreement, as defined in the Rental-Purchase Agreement Act, and provide proof of registration under the Rental Purchase Agreement Occupation and Use Tax Act. This paragraph is exempt from the provisions of Section 2-70.

(44) Qualified tangible personal property used in the construction or operation of a data center that has been granted a certificate of exemption by the Department of Commerce and Economic Opportunity, whether that tangible personal property is purchased by the owner, operator, or tenant of the data center or by a contractor or subcontractor of the owner, operator, or tenant. Data centers that would have qualified for a certificate of

exemption prior to January 1, 2020 had Public Act 101-31 been in effect, may apply for and obtain an exemption for subsequent purchases of computer equipment or enabling software purchased or leased to upgrade, supplement, or replace computer equipment or enabling software purchased or leased in the original investment that would have qualified.

The Department of Commerce and Economic Opportunity shall grant a certificate of exemption under this item (44) to qualified data centers as defined by Section 605-1025 of the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois.

For the purposes of this item (44):

"Data center" means a building or a series of buildings rehabilitated or constructed to house working servers in one physical location or multiple sites within the State of Illinois.

"Qualified tangible personal property" means: electrical systems and equipment; climate control and chilling equipment and systems; mechanical systems and equipment; monitoring and secure systems; emergency generators; hardware; computers; servers; data storage devices; network connectivity equipment; racks; cabinets; telecommunications cabling infrastructure; raised floor systems; peripheral components or

systems; software; mechanical, electrical, or plumbing systems; battery systems; cooling systems and towers; temperature control systems; other cabling; and other data center infrastructure equipment and systems necessary to operate qualified tangible personal property, including fixtures; and component parts of any of the foregoing, including installation, maintenance, repair, refurbishment, and replacement of qualified tangible personal property to generate, transform, transmit, distribute, or manage electricity necessary to operate qualified tangible personal property; and all other tangible personal property that is essential to the operations of a computer data center. The term "qualified tangible personal property" also includes building materials physically incorporated into the qualifying data center. To document the exemption allowed under this Section, the retailer must obtain from the purchaser a copy of the certificate of eligibility issued by the Department of Commerce and Economic Opportunity.

This item (44) is exempt from the provisions of Section 2-70.

(45) Beginning January 1, 2020 and through December 31, 2020, sales of tangible personal property made by a marketplace seller over a marketplace for which tax is due under this Act but for which use tax has been collected and

remitted to the Department by a marketplace facilitator under Section 2d of the Use Tax Act are exempt from tax under this Act. A marketplace seller claiming this exemption shall maintain books and records demonstrating that the use tax on such sales has been collected and remitted by a marketplace facilitator. Marketplace sellers that have properly remitted tax under this Act on such sales may file a claim for credit as provided in Section 6 of this Act. No claim is allowed, however, for such taxes for which a credit or refund has been issued to the marketplace facilitator under the Use Tax Act, or for which the marketplace facilitator has filed a claim for credit or refund under the Use Tax Act.

(46) Beginning July 1, 2022, breast pumps, breast pump collection and storage supplies, and breast pump kits. This item (46) is exempt from the provisions of Section 2-70. As used in this item (46):

"Breast pump" means an electrically controlled or manually controlled pump device designed or marketed to be used to express milk from a human breast during lactation, including the pump device and any battery, AC adapter, or other power supply unit that is used to power the pump device and is packaged and sold with the pump device at the time of sale.

"Breast pump collection and storage supplies" means items of tangible personal property designed or marketed

to be used in conjunction with a breast pump to collect milk expressed from a human breast and to store collected milk until it is ready for consumption.

"Breast pump collection and storage supplies" includes, but is not limited to: breast shields and breast shield connectors; breast pump tubes and tubing adapters; breast pump valves and membranes; backflow protectors and backflow protector adaptors; bottles and bottle caps specific to the operation of the breast pump; and breast milk storage bags.

"Breast pump collection and storage supplies" does not include: (1) bottles and bottle caps not specific to the operation of the breast pump; (2) breast pump travel bags and other similar carrying accessories, including ice packs, labels, and other similar products; (3) breast pump cleaning supplies; (4) nursing bras, bra pads, breast shells, and other similar products; and (5) creams, ointments, and other similar products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples, unless sold as part of a breast pump kit that is pre-packaged by the breast pump manufacturer or distributor.

"Breast pump kit" means a kit that: (1) contains no more than a breast pump, breast pump collection and storage supplies, a rechargeable battery for operating the breast pump, a breastmilk cooler, bottle stands, ice

packs, and a breast pump carrying case; and (2) is pre-packaged as a breast pump kit by the breast pump manufacturer or distributor.

(47) Tangible personal property sold by or on behalf of the State Treasurer pursuant to the Revised Uniform Unclaimed Property Act. This item (47) is exempt from the provisions of Section 2-70.

(48) Beginning on January 1, 2024, tangible personal property purchased by an active duty member of the armed forces of the United States who presents valid military identification and purchases the property using a form of payment where the federal government is the payor. The member of the armed forces must complete, at the point of sale, a form prescribed by the Department of Revenue documenting that the transaction is eligible for the exemption under this paragraph. Retailers must keep the form as documentation of the exemption in their records for a period of not less than 6 years. "Armed forces of the United States" means the United States Army, Navy, Air Force, Space Force, Marine Corps, or Coast Guard. This paragraph is exempt from the provisions of Section 2-70.

(49) Beginning July 1, 2024, home-delivered meals provided to Medicare or Medicaid recipients when payment is made by an intermediary, such as a Medicare Administrative Contractor, a Managed Care Organization, or a Medicare Advantage Organization, pursuant to a

government contract. This paragraph (49) is exempt from the provisions of Section 2-70.

(50) ~~(49)~~ Beginning on January 1, 2026, as further defined in Section 2-10, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, candy, and food that has been prepared for immediate consumption). This item (50) ~~(49)~~ is exempt from the provisions of Section 2-70.

(51) ~~(49)~~ Gross receipts from the lease of the following tangible personal property:

(1) computer software transferred subject to a license that meets the following requirements:

(A) it is evidenced by a written agreement signed by the licensor and the customer;

(i) an electronic agreement in which the customer accepts the license by means of an electronic signature that is verifiable and can be authenticated and is attached to or made part of the license will comply with this requirement;

(ii) a license agreement in which the customer electronically accepts the terms by clicking "I agree" does not comply with this requirement;

(B) it restricts the customer's duplication

and use of the software;

(C) it prohibits the customer from licensing, sublicensing, or transferring the software to a third party (except to a related party) without the permission and continued control of the licensor;

(D) the licensor has a policy of providing another copy at minimal or no charge if the customer loses or damages the software, or of permitting the licensee to make and keep an archival copy, and such policy is either stated in the license agreement, supported by the licensor's books and records, or supported by a notarized statement made under penalties of perjury by the licensor; and

(E) the customer must destroy or return all copies of the software to the licensor at the end of the license period; this provision is deemed to be met, in the case of a perpetual license, without being set forth in the license agreement; and

(2) property that is subject to a tax on lease receipts imposed by a home rule unit of local government if the ordinance imposing that tax was adopted prior to January 1, 2023.

(Source: P.A. 102-16, eff. 6-17-21; 102-634, eff. 8-27-21;

102-700, Article 70, Section 70-20, eff. 4-19-22; 102-700, Article 75, Section 75-20, eff. 4-19-22; 102-813, eff. 5-13-22; 102-1026, eff. 5-27-22; 103-9, Article 5, Section 5-20, eff. 6-7-23; 103-9, Article 15, Section 15-20, eff. 6-7-23; 103-154, eff. 6-30-23; 103-384, eff. 1-1-24; 103-592, eff. 1-1-25; 103-605, eff. 7-1-24; 103-643, eff. 7-1-24; 103-746, eff. 1-1-25; 103-781, eff. 8-5-24; 103-995, eff. 8-9-24; revised 11-26-24.)

(35 ILCS 120/2-13 new)

Sec. 2-13. Remote Retailer Amnesty Program.

(a) As used in this Section:

"Eligibility period" means the period from January 1, 2021 through June 30, 2026.

"Eligible transaction" means the sale of tangible personal property by a remote retailer to an Illinois customer that occurs during the eligibility period and that requires the remote retailer to ship or otherwise deliver the tangible personal property to an address in the State.

"Local retailers' occupation tax" means a retailers' occupation tax imposed by a municipality, county, or other unit of local government and administered by the Department.

"Program" means the Remote Retailer Amnesty Program established under this Section.

"Remote retailer" means a remote retailer, as defined in Section 1 of this Act, who has met a tax remittance threshold

under subsection (b) of Section 2 of this Act for all or part of the eligibility period and who is participating in the Program established under this Section.

"Remote retailer amnesty period" means the period from August 1, 2026 through October 31, 2026, during which the Department will accept returns and payment of State and local retailers' occupation taxes at the simplified retailers' occupation tax rate for eligible transactions that occur during the eligibility period.

"Simplified retailers' occupation tax rate" means the combined State and average local retailers' occupation tax rate imposed on remote retailers participating in the Program. The simplified retailers' occupation tax rate shall be (i) 9% of the gross receipts from sales of tangible personal property that are subject to the 6.25% State rate of tax imposed by Section 2-10 of this Act or (ii) 1.75% of the gross receipts from sales of (A) tangible personal property that is subject to the 1% State rate of tax imposed by Section 2-10 of this Act and (B) food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption), regardless of the applicable rate of tax.

"Taxing jurisdiction" means a municipality, county, or other unit of local government that imposes a local retailers' occupation tax.

(b) The Department shall establish a Remote Retailer Amnesty Program for remote retailers that owe State or local retailers' occupation taxes on eligible transactions. The Program shall operate during the remote retailer amnesty period.

The Program shall allow a remote retailer who participates in the Program to report and remit, at the simplified retailers' occupation tax rate, State and local retailers' occupation taxes that are due in connection with eligible transactions. The payment shall be made by the remote retailer during the remote retailer amnesty period and shall be in lieu of reporting and remitting State and local retailers' occupation taxes at the rate otherwise provided by law. The payment of the tax at the simplified retailers' occupation tax rate relieves the remote retailer of any additional State or local retailers' occupation taxes with respect to the eligible transaction.

The Program shall provide that, if the remote retailer satisfies its State and local retailers' occupation tax liability during the remote retailer amnesty period by reporting and remitting payment to the Department at the simplified retailers' occupation tax rate, the Department shall abate and not seek to collect any interest or penalties that may be applicable with respect to those eligible transactions, and the Department shall not seek civil or criminal prosecution of the remote retailer for the period of

time for which amnesty has been granted to the retailer. The remote retailer must make full payment of all State and local retailers' occupation taxes due with respect to the remote retailer's eligible transactions, using the simplified retailers' occupation tax rate, during the remote retailer amnesty period for amnesty to be granted, unless the remote retailer enters into an approved repayment plan with the Department during the remote retailer amnesty period. In that case, amnesty shall be granted upon successful completion of the repayment plan as long as the taxpayer remains in compliance with the terms of the payment plan throughout its duration. Failure to pay all taxes due using the simplified retailers' occupation tax rate for the eligible period, unless tax has previously been remitted using the applicable State and local retailers' occupation tax rates, shall invalidate any amnesty granted under this Act, and all retailers' occupation tax due for the eligible period shall be due at the applicable State and local rate for the particular selling location.

(c) Amnesty shall be granted only if all amnesty conditions are satisfied by the taxpayer. The amnesty provided by this Section shall be granted to any remote retailer who, during the remote retailer amnesty period, files all returns and remits all State and local retailers' occupation tax on all eligible transactions using the simplified retailers' occupation tax rate or otherwise applicable State and local

retailers' occupation tax rates due for all of the remote retailer's eligible transactions. In addition, the following requirements apply to the Program:

(1) to participate in the Program, the remote retailers must be registered with the Department as set out in Section 2a of this Act;

(2) returns filed under the Program shall be filed electronically in the manner prescribed by the Department in Section 3 of this Act and shall be filed only during the remote retailer amnesty period;

(3) the remote retailer shall remit the tax at the simplified retailers' occupation tax rate or, if the tax was collected, in the amount of the tax collected, whichever is greater; the required reporting for each return period from the remote retailer shall include only statewide totals of the retailers' occupation taxes remitted at the simplified retailers' occupation tax rate and shall not require information related to the location of purchasers or amount of sales into a specific taxing jurisdiction;

(4) amnesty is not available for any retailers' occupation tax remitted to the Department prior to the remote retailer amnesty program period by the remote retailer;

(5) amnesty shall not be granted to taxpayers who are a party to any criminal investigation or to any civil or

criminal litigation that is pending in any circuit court, any appellate court, or the Supreme Court of this State for nonpayment, delinquency, or fraud in relation to any State tax imposed by any law of the State of Illinois;

(6) amnesty shall not be granted to taxpayers who commit fraud or intentional misrepresentation of a material fact in any document filed under the Remote Retailer Amnesty Program; and

(7) amnesty is applicable only to retailers' occupation taxes due from the remote retailer in his or her capacity as a remote retailer and not to any other taxes that may be owed by the remote retailer pursuant to another tax Act.

(d) Except as otherwise provided in paragraph (3) of subsection (c), no remote retailer shall be required to remit the tax at a rate greater than 9% or 1.75%, as applicable, regardless of the combined actual tax rates that may otherwise be applicable. Additionally, no gross receipts for which State and local retailers' occupation tax is remitted at the simplified retailers' occupation tax rate shall be subject to any additional retailers' occupation tax from any taxing jurisdiction imposing a retailers' occupation tax with respect to the sale of the property, regardless of the actual tax rate that might have otherwise been applicable.

(e) The remote retailer shall remit the State and local retailers' occupation tax at the simplified rate on all gross

receipts from sales of tangible personal property into Illinois unless the remote retailer can produce a valid exemption number or certificate, resale certificate, or direct pay permit issued by the Department. The remote retailer shall retain all exemption numbers or certificates, resale certificates, or direct pay permits in its books and records, or in such other manner as directed by the Department.

(f) Remote retailers shall maintain records of all eligible transactions, including copies of invoices showing the purchaser, the purchase amount, the taxes collected, and the retailers' occupation tax remitted. Records must be kept documenting all tangible personal property sold for which the 1.75% simplified retailers' occupation tax rate is used to verify that the tangible personal property qualifies for the 1% State tax rate imposed under Section 2-10 of this Act. Those records shall be made available for review and inspection upon request by the Department. Remote retailers participating in the Program remain subject to audit by the Department as provided in this Act. Remote retailers participating in the Program shall not be subject to audit or review by any unit of local government under the Local Government Revenue Recapture Act.

(g) The net revenue realized at the 9% rate under this Section shall be deposited as follows: (i) notwithstanding the provisions of Section 3 of the Retailer's Occupation Tax Act to the contrary, the net revenue realized from the portion of

the rate in excess of 5% shall be deposited into the State and Local Sales Tax Reform Fund and (ii) the net revenue realized from the 5% portion of the rate shall be deposited as provided in this Section 3 of the Retailers' Occupation Tax Act for the 5% portion of the 6.25% general rate imposed under this Act. The net revenue realized at the 1.75% rate under this Section shall be deposited into the State and Local Sales Tax Reform Fund.

(h) The Department may adopt rules related to the implementation, administration, and participation in the Program. The Department shall have exclusive responsibility for reviewing and accepting applications for participation and for the administration, return processing, and review of the eligibility of remote retailers participating in the Program.

(35 ILCS 120/2-51)

Sec. 2-51. Motor vehicles; trailers; use as rolling stock definition.

(a) (Blank).

(b) (Blank).

(c) This subsection (c) applies to motor vehicles, other than limousines, purchased through June 30, 2017. For motor vehicles, other than limousines, purchased on or after July 1, 2017, subsection (d-5) applies. This subsection (c) applies to limousines purchased before, on, or after July 1, 2017. "Use as rolling stock moving in interstate commerce" in paragraph

(13) of Section 2-5 occurs for motor vehicles, as defined in Section 1-146 of the Illinois Vehicle Code, when during a 12-month period the rolling stock has carried persons or property for hire in interstate commerce for greater than 50% of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption shall make an election at the time of purchase to use either the trips or mileage method. Persons who purchased motor vehicles prior to July 1, 2004 shall make an election to use either the trips or mileage method and document that election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to have chosen the mileage method.

For purposes of determining qualifying trips or miles, motor vehicles that carry persons or property for hire, even just between points in Illinois, will be considered used for hire in interstate commerce if the motor vehicle transports persons whose journeys or property whose shipments originate or terminate outside Illinois. The exemption for motor vehicles used as rolling stock moving in interstate commerce may be claimed only for the following vehicles: (i) motor vehicles whose gross vehicle weight rating exceeds 16,000 pounds; and (ii) limousines, as defined in Section 1-139.1 of the Illinois Vehicle Code. <u>On and after July 1, 2025, the exemption for limousines applies only if those limousines are not used to provide transportation network company services,</u>

as defined in the Transportation Network Providers Act. Through June 30, 2017, this definition applies to all property purchased for the purpose of being attached to those motor vehicles as a part thereof. On and after July 1, 2017, this definition applies to property purchased for the purpose of being attached to limousines as a part thereof. For property that is purchased on or after July 1, 2025 for the purpose of being attached to a limousine as a part thereof, this definition applies only if the limousine is not used to provide transportation network company services, as defined in the Transportation Network Providers Act.

(d) For purchases made through June 30, 2017, "use as rolling stock moving in interstate commerce" in paragraph (13) of Section 2-5 occurs for trailers, as defined in Section 1-209 of the Illinois Vehicle Code, semitrailers as defined in Section 1-187 of the Illinois Vehicle Code, and pole trailers as defined in Section 1-161 of the Illinois Vehicle Code, when during a 12-month period the rolling stock has carried persons or property for hire in interstate commerce for greater than 50% of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption for a trailer or trailers that will not be dedicated to a motor vehicle or group of motor vehicles shall make an election at the time of purchase to use either the trips or mileage method. Persons who purchased trailers prior to July 1, 2004 that are not dedicated to a motor vehicle or group of

motor vehicles shall make an election to use either the trips or mileage method and document that election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to have chosen the mileage method.

For purposes of determining qualifying trips or miles, trailers, semitrailers, or pole trailers that carry property for hire, even just between points in Illinois, will be considered used for hire in interstate commerce if the trailers, semitrailers, or pole trailers transport property whose shipments originate or terminate outside Illinois. This definition applies to all property purchased for the purpose of being attached to those trailers, semitrailers, or pole trailers as a part thereof. In lieu of a person providing documentation regarding the qualifying use of each individual trailer, semitrailer, or pole trailer, that person may document such qualifying use by providing documentation of the following:

(1) If a trailer, semitrailer, or pole trailer is dedicated to a motor vehicle that qualifies as rolling stock moving in interstate commerce under subsection (c) of this Section, then that trailer, semitrailer, or pole trailer qualifies as rolling stock moving in interstate commerce under this subsection.

(2) If a trailer, semitrailer, or pole trailer is dedicated to a group of motor vehicles that all qualify as

rolling stock moving in interstate commerce under subsection (c) of this Section, then that trailer, semitrailer, or pole trailer qualifies as rolling stock moving in interstate commerce under this subsection.

(3) If one or more trailers, semitrailers, or pole trailers are dedicated to a group of motor vehicles and not all of those motor vehicles in that group qualify as rolling stock moving in interstate commerce under subsection (c) of this Section, then the percentage of those trailers, semitrailers, or pole trailers that qualifies as rolling stock moving in interstate commerce under this subsection is equal to the percentage of those motor vehicles in that group that qualify as rolling stock moving in interstate commerce under subsection (c) of this Section to which those trailers, semitrailers, or pole trailers are dedicated. However, to determine the qualification for the exemption provided under this item (3), the mathematical application of the qualifying percentage to one or more trailers, semitrailers, or pole trailers under this subpart shall not be allowed as to any fraction of a trailer, semitrailer, or pole trailer.

(d-5) For motor vehicles and trailers purchased on or after July 1, 2017, "use as rolling stock moving in interstate commerce" means that:

(1) the motor vehicle or trailer is used to transport persons or property for hire;

(2) for purposes of the exemption under paragraph (13) of Section 2-5, the purchaser who is an owner, lessor, or shipper claiming the exemption certifies that the motor vehicle or trailer will be utilized, from the time of purchase and continuing through the statute of limitations for issuing a notice of tax liability under this Act, by an interstate carrier or carriers for hire who hold, and are required by Federal Motor Carrier Safety Administration regulations to hold, an active USDOT Number with the Carrier Operation listed as "Interstate" and the Operation Classification listed as "authorized for hire", "exempt for hire", or both "authorized for hire" and "exempt for hire"; except that this paragraph (2) does not apply to a motor vehicle or trailer used at an airport to support the operation of an aircraft moving in interstate commerce, as long as (i) in the case of a motor vehicle, the motor vehicle meets paragraphs (1) and (3) of this subsection (d-5) or (ii) in the case of a trailer, the trailer meets paragraph (1) of this subsection (d-5); and

(3) for motor vehicles, the gross vehicle weight rating exceeds 16,000 pounds.

The definition of "use as rolling stock moving in interstate commerce" in this subsection (d-5) applies to all property purchased on or after July 1, 2017 for the purpose of being attached to a motor vehicle or trailer as a part thereof, regardless of whether the motor vehicle or trailer was

purchased before, on, or after July 1, 2017.

If an item ceases to meet requirements (1) through (3) under this subsection (d-5), then the tax is imposed on the selling price, allowing for a reasonable depreciation for the period during which the item qualified for the exemption.

For purposes of this subsection (d-5):

"Motor vehicle" excludes limousines, but otherwise means that term as defined in Section 1-146 of the Illinois Vehicle Code.

"Trailer" means (i) "trailer", as defined in Section 1-209 of the Illinois Vehicle Code, (ii) "semitrailer", as defined in Section 1-187 of the Illinois Vehicle Code, and (iii) "pole trailer", as defined in Section 1-161 of the Illinois Vehicle Code.

(e) For aircraft and watercraft purchased on or after January 1, 2014, "use as rolling stock moving in interstate commerce" in paragraph (13) of Section 2-5 occurs when, during a 12-month period, the rolling stock has carried persons or property for hire in interstate commerce for greater than 50% of its total trips for that period or for greater than 50% of its total miles for that period. The person claiming the exemption shall make an election at the time of purchase to use either the trips or mileage method and document that election in their books and records. If no election is made under this subsection to use the trips or mileage method, the person shall be deemed to have chosen the mileage method. For

aircraft, flight hours may be used in lieu of recording miles in determining whether the aircraft meets the mileage test in this subsection. For watercraft, nautical miles or trip hours may be used in lieu of recording miles in determining whether the watercraft meets the mileage test in this subsection.

Notwithstanding any other provision of law to the contrary, property purchased on or after January 1, 2014 for the purpose of being attached to aircraft or watercraft as a part thereof qualifies as rolling stock moving in interstate commerce only if the aircraft or watercraft to which it will be attached qualifies as rolling stock moving in interstate commerce under the test set forth in this subsection (e), regardless of when the aircraft or watercraft was purchased. Persons who purchased aircraft or watercraft prior to January 1, 2014 shall make an election to use either the trips or mileage method and document that election in their books and records for the purpose of determining whether property purchased on or after January 1, 2014 for the purpose of being attached to aircraft or watercraft as a part thereof qualifies as rolling stock moving in interstate commerce under this subsection (e).

(f) The election to use either the trips or mileage method made under the provisions of subsections (c), (d), or (e) of this Section will remain in effect for the duration of the purchaser's ownership of that item.

(Source: P.A. 100-321, eff. 8-24-17.)

(35 ILCS 120/3)

Sec. 3. Except as provided in this Section, on or before the twentieth day of each calendar month, every person engaged in the business of selling, which, on and after January 1, 2025, includes leasing, tangible personal property at retail in this State during the preceding calendar month shall file a return with the Department, stating:

1. The name of the seller;

2. His residence address and the address of his principal place of business and the address of the principal place of business (if that is a different address) from which he engages in the business of selling tangible personal property at retail in this State;

3. Total amount of receipts received by him during the preceding calendar month or quarter, as the case may be, from sales of tangible personal property, and from services furnished, by him during such preceding calendar month or quarter;

4. Total amount received by him during the preceding calendar month or quarter on charge and time sales of tangible personal property, and from services furnished, by him prior to the month or quarter for which the return is filed;

5. Deductions allowed by law;

6. Gross receipts which were received by him during

the preceding calendar month or quarter and upon the basis of which the tax is imposed, including gross receipts on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) which were received during the preceding calendar month or quarter and upon which tax would have been due but for the 0% rate imposed under Public Act 102-700;

7. The amount of credit provided in Section 2d of this Act;

8. The amount of tax due, including the amount of tax that would have been due on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for immediate consumption) but for the 0% rate imposed under Public Act 102-700;

9. The signature of the taxpayer; and

10. Such other reasonable information as the Department may require.

In the case of leases, except as otherwise provided in this Act, the lessor must remit for each tax return period only the tax applicable to that part of the selling price actually received during such tax return period.

On and after January 1, 2018, except for returns required to be filed prior to January 1, 2023 for motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, with respect to retailers whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act shall be filed electronically. On and after January 1, 2023, with respect to retailers whose annual gross receipts average $20,000 or more, all returns required to be filed pursuant to this Act, including, but not limited to, returns for motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, shall be filed electronically. Retailers who demonstrate that they do not have access to the Internet or demonstrate hardship in filing electronically may petition the Department to waive the electronic filing requirement.

If a taxpayer fails to sign a return within 30 days after the proper notice and demand for signature by the Department, the return shall be considered valid and any amount shown to be due on the return shall be deemed assessed.

Each return shall be accompanied by the statement of prepaid tax issued pursuant to Section 2e for which credit is claimed.

Prior to October 1, 2003 and on and after September 1, 2004, a retailer may accept a Manufacturer's Purchase Credit certification from a purchaser in satisfaction of Use Tax as

provided in Section 3-85 of the Use Tax Act if the purchaser provides the appropriate documentation as required by Section 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit certification, accepted by a retailer prior to October 1, 2003 and on and after September 1, 2004 as provided in Section 3-85 of the Use Tax Act, may be used by that retailer to satisfy Retailers' Occupation Tax liability in the amount claimed in the certification, not to exceed 6.25% of the receipts subject to tax from a qualifying purchase. A Manufacturer's Purchase Credit reported on any original or amended return filed under this Act after October 20, 2003 for reporting periods prior to September 1, 2004 shall be disallowed. Manufacturer's Purchase Credit reported on annual returns due on or after January 1, 2005 will be disallowed for periods prior to September 1, 2004. No Manufacturer's Purchase Credit may be used after September 30, 2003 through August 31, 2004 to satisfy any tax liability imposed under this Act, including any audit liability.

Beginning on July 1, 2023 and through December 31, 2032, a retailer may accept a Sustainable Aviation Fuel Purchase Credit certification from an air common carrier-purchaser in satisfaction of Use Tax on aviation fuel as provided in Section 3-87 of the Use Tax Act if the purchaser provides the appropriate documentation as required by Section 3-87 of the Use Tax Act. A Sustainable Aviation Fuel Purchase Credit certification accepted by a retailer in accordance with this

paragraph may be used by that retailer to satisfy Retailers' Occupation Tax liability (but not in satisfaction of penalty or interest) in the amount claimed in the certification, not to exceed 6.25% of the receipts subject to tax from a sale of aviation fuel. In addition, for a sale of aviation fuel to qualify to earn the Sustainable Aviation Fuel Purchase Credit, retailers must retain in their books and records a certification from the producer of the aviation fuel that the aviation fuel sold by the retailer and for which a sustainable aviation fuel purchase credit was earned meets the definition of sustainable aviation fuel under Section 3-87 of the Use Tax Act. The documentation must include detail sufficient for the Department to determine the number of gallons of sustainable aviation fuel sold.

The Department may require returns to be filed on a quarterly basis. If so required, a return for each calendar quarter shall be filed on or before the twentieth day of the calendar month following the end of such calendar quarter. The taxpayer shall also file a return with the Department for each of the first 2 months of each calendar quarter, on or before the twentieth day of the following calendar month, stating:

1. The name of the seller;

2. The address of the principal place of business from which he engages in the business of selling tangible personal property at retail in this State;

3. The total amount of taxable receipts received by

him during the preceding calendar month from sales of tangible personal property by him during such preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;

4. The amount of credit provided in Section 2d of this Act;

5. The amount of tax due; and

6. Such other reasonable information as the Department may require.

Every person engaged in the business of selling aviation fuel at retail in this State during the preceding calendar month shall, instead of reporting and paying tax as otherwise required by this Section, report and pay such tax on a separate aviation fuel tax return. The requirements related to the return shall be as otherwise provided in this Section. Notwithstanding any other provisions of this Act to the contrary, retailers selling aviation fuel shall file all aviation fuel tax returns and shall make all aviation fuel tax payments by electronic means in the manner and form required by the Department. For purposes of this Section, "aviation fuel" means jet fuel and aviation gasoline.

Beginning on October 1, 2003, any person who is not a licensed distributor, importing distributor, or manufacturer, as defined in the Liquor Control Act of 1934, but is engaged in the business of selling, at retail, alcoholic liquor shall file a statement with the Department of Revenue, in a format

and at a time prescribed by the Department, showing the total amount paid for alcoholic liquor purchased during the preceding month and such other information as is reasonably required by the Department. The Department may adopt rules to require that this statement be filed in an electronic or telephonic format. Such rules may provide for exceptions from the filing requirements of this paragraph. For the purposes of this paragraph, the term "alcoholic liquor" shall have the meaning prescribed in the Liquor Control Act of 1934.

Beginning on October 1, 2003, every distributor, importing distributor, and manufacturer of alcoholic liquor as defined in the Liquor Control Act of 1934, shall file a statement with the Department of Revenue, no later than the 10th day of the month for the preceding month during which transactions occurred, by electronic means, showing the total amount of gross receipts from the sale of alcoholic liquor sold or distributed during the preceding month to purchasers; identifying the purchaser to whom it was sold or distributed; the purchaser's tax registration number; and such other information reasonably required by the Department. A distributor, importing distributor, or manufacturer of alcoholic liquor must personally deliver, mail, or provide by electronic means to each retailer listed on the monthly statement a report containing a cumulative total of that distributor's, importing distributor's, or manufacturer's total sales of alcoholic liquor to that retailer no later than

the 10th day of the month for the preceding month during which the transaction occurred. The distributor, importing distributor, or manufacturer shall notify the retailer as to the method by which the distributor, importing distributor, or manufacturer will provide the sales information. If the retailer is unable to receive the sales information by electronic means, the distributor, importing distributor, or manufacturer shall furnish the sales information by personal delivery or by mail. For purposes of this paragraph, the term "electronic means" includes, but is not limited to, the use of a secure Internet website, e-mail, or facsimile.

If a total amount of less than $1 is payable, refundable or creditable, such amount shall be disregarded if it is less than 50 cents and shall be increased to $1 if it is 50 cents or more.

Notwithstanding any other provision of this Act to the contrary, retailers subject to tax on cannabis shall file all cannabis tax returns and shall make all cannabis tax payments by electronic means in the manner and form required by the Department.

Beginning October 1, 1993, a taxpayer who has an average monthly tax liability of $150,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1994, a taxpayer who has an average monthly tax liability of $100,000 or more shall make all payments required by rules of the Department by

electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

Before August 1 of each year beginning in 1993, the Department shall notify all taxpayers required to make payments by electronic funds transfer. All taxpayers required to make payments by electronic funds transfer shall make those payments for a minimum of one year beginning on October 1.

Any taxpayer not required to make payments by electronic funds transfer may make payments by electronic funds transfer

with the permission of the Department.

All taxpayers required to make payment by electronic funds transfer and any taxpayers authorized to voluntarily make payments by electronic funds transfer shall make those payments in the manner authorized by the Department.

The Department shall adopt such rules as are necessary to effectuate a program of electronic funds transfer and the requirements of this Section.

Any amount which is required to be shown or reported on any return or other document under this Act shall, if such amount is not a whole-dollar amount, be increased to the nearest whole-dollar amount in any case where the fractional part of a dollar is 50 cents or more, and decreased to the nearest whole-dollar amount where the fractional part of a dollar is less than 50 cents.

If the retailer is otherwise required to file a monthly return and if the retailer's average monthly tax liability to the Department does not exceed $200, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February, and March of a given year being due by April 20 of such year; with the return for April, May, and June of a given year being due by July 20 of such year; with the return for July, August, and September of a given year being due by October 20 of such year, and with the return for October, November, and December of a given year being due by January 20 of the following year.

If the retailer is otherwise required to file a monthly or quarterly return and if the retailer's average monthly tax liability with the Department does not exceed $50, the Department may authorize his returns to be filed on an annual basis, with the return for a given year being due by January 20 of the following year.

Such quarter annual and annual returns, as to form and substance, shall be subject to the same requirements as monthly returns.

Notwithstanding any other provision in this Act concerning the time within which a retailer may file his return, in the case of any retailer who ceases to engage in a kind of business which makes him responsible for filing returns under this Act, such retailer shall file a final return under this Act with the Department not more than one month after discontinuing such business.

Where the same person has more than one business registered with the Department under separate registrations under this Act, such person may not file each return that is due as a single return covering all such registered businesses, but shall file separate returns for each such registered business.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, except as otherwise provided in this Section, every retailer selling this kind of tangible personal

property shall file, with the Department, upon a form to be prescribed and supplied by the Department, a separate return for each such item of tangible personal property which the retailer sells, except that if, in the same transaction, (i) a retailer of aircraft, watercraft, motor vehicles, or trailers transfers more than one aircraft, watercraft, motor vehicle, or trailer to another aircraft, watercraft, motor vehicle retailer, or trailer retailer for the purpose of resale or (ii) a retailer of aircraft, watercraft, motor vehicles, or trailers transfers more than one aircraft, watercraft, motor vehicle, or trailer to a purchaser for use as a qualifying rolling stock as provided in Section 2-5 of this Act, then that seller may report the transfer of all aircraft, watercraft, motor vehicles, or trailers involved in that transaction to the Department on the same uniform invoice-transaction reporting return form. For purposes of this Section, "watercraft" means a Class 2, Class 3, or Class 4 watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, every person who is engaged in the business of leasing or renting such items and who, in connection with such business, sells any such item to a retailer for the purpose of resale is, notwithstanding any

other provision of this Section to the contrary, authorized to meet the return-filing requirement of this Act by reporting the transfer of all the aircraft, watercraft, motor vehicles, or trailers transferred for resale during a month to the Department on the same uniform invoice-transaction reporting return form on or before the 20th of the month following the month in which the transfer takes place. Notwithstanding any other provision of this Act to the contrary, all returns filed under this paragraph must be filed by electronic means in the manner and form as required by the Department.

Any retailer who sells only motor vehicles, watercraft, aircraft, or trailers that are required to be registered with an agency of this State, so that all retailers' occupation tax liability is required to be reported, and is reported, on such transaction reporting returns and who is not otherwise required to file monthly or quarterly returns, need not file monthly or quarterly returns. However, those retailers shall be required to file returns on an annual basis.

The transaction reporting return, in the case of motor vehicles or trailers that are required to be registered with an agency of this State, shall be the same document as the Uniform Invoice referred to in Section 5-402 of the Illinois Vehicle Code and must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer

for the traded-in tangible personal property, if any, to the extent to which Section 1 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale; a sufficient identification of the property sold; such other information as is required in Section 5-402 of the Illinois Vehicle Code, and such other information as the Department may reasonably require.

The transaction reporting return in the case of watercraft or aircraft must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 1 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance,

if that is claimed to be the fact); the place and date of the sale, a sufficient identification of the property sold, and such other information as the Department may reasonably require.

Such transaction reporting return shall be filed not later than 20 days after the day of delivery of the item that is being sold, but may be filed by the retailer at any time sooner than that if he chooses to do so. The transaction reporting return and tax remittance or proof of exemption from the Illinois use tax may be transmitted to the Department by way of the State agency with which, or State officer with whom the tangible personal property must be titled or registered (if titling or registration is required) if the Department and such agency or State officer determine that this procedure will expedite the processing of applications for title or registration.

With each such transaction reporting return, the retailer shall remit the proper amount of tax due (or shall submit satisfactory evidence that the sale is not taxable if that is the case), to the Department or its agents, whereupon the Department shall issue, in the purchaser's name, a use tax receipt (or a certificate of exemption if the Department is satisfied that the particular sale is tax exempt) which such purchaser may submit to the agency with which, or State officer with whom, he must title or register the tangible personal property that is involved (if titling or registration

is required) in support of such purchaser's application for an Illinois certificate or other evidence of title or registration to such tangible personal property.

No retailer's failure or refusal to remit tax under this Act precludes a user, who has paid the proper tax to the retailer, from obtaining his certificate of title or other evidence of title or registration (if titling or registration is required) upon satisfying the Department that such user has paid the proper tax (if tax is due) to the retailer. The Department shall adopt appropriate rules to carry out the mandate of this paragraph.

If the user who would otherwise pay tax to the retailer wants the transaction reporting return filed and the payment of the tax or proof of exemption made to the Department before the retailer is willing to take these actions and such user has not paid the tax to the retailer, such user may certify to the fact of such delay by the retailer and may (upon the Department being satisfied of the truth of such certification) transmit the information required by the transaction reporting return and the remittance for tax or proof of exemption directly to the Department and obtain his tax receipt or exemption determination, in which event the transaction reporting return and tax remittance (if a tax payment was required) shall be credited by the Department to the proper retailer's account with the Department, but without the vendor's discount provided for in this Section being allowed. When the user pays

the tax directly to the Department, he shall pay the tax in the same amount and in the same form in which it would be remitted if the tax had been remitted to the Department by the retailer.

On and after January 1, 2025, with respect to the lease of trailers, other than semitrailers as defined in Section 1-187 of the Illinois Vehicle Code, that are required to be registered with an agency of this State and that are subject to the tax on lease receipts under this Act, notwithstanding any other provision of this Act to the contrary, for the purpose of reporting and paying tax under this Act on those lease receipts, lessors shall file returns in addition to and separate from the transaction reporting return. Lessors shall file those lease returns and make payment to the Department by electronic means on or before the 20th day of each month following the month, quarter, or year, as applicable, in which lease receipts were received. All lease receipts received by the lessor from the lease of those trailers during the same reporting period shall be reported and tax shall be paid on a single return form to be prescribed by the Department.

Refunds made by the seller during the preceding return period to purchasers, on account of tangible personal property returned to the seller, shall be allowed as a deduction under subdivision 5 of his monthly or quarterly return, as the case may be, in case the seller had theretofore included the receipts from the sale of such tangible personal property in a return filed by him and had paid the tax imposed by this Act

with respect to such receipts.

Where the seller is a corporation, the return filed on behalf of such corporation shall be signed by the president, vice-president, secretary, or treasurer or by the properly accredited agent of such corporation.

Where the seller is a limited liability company, the return filed on behalf of the limited liability company shall be signed by a manager, member, or properly accredited agent of the limited liability company.

Except as provided in this Section, the retailer filing the return under this Section shall, at the time of filing such return, pay to the Department the amount of tax imposed by this Act less a discount of 2.1% prior to January 1, 1990 and 1.75% on and after January 1, 1990, or $5 per calendar year, whichever is greater, which is allowed to reimburse the retailer for the expenses incurred in keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request. On and after January 1, 2021, a certified service provider, as defined in the Leveling the Playing Field for Illinois Retail Act, filing the return under this Section on behalf of a remote retailer shall, at the time of such return, pay to the Department the amount of tax imposed by this Act less a discount of 1.75%. A remote retailer using a certified service provider to file a return on its behalf, as provided in the Leveling the Playing Field for Illinois Retail Act, is not eligible for the discount.

Beginning with returns due on or after January 1, 2025, the vendor's discount allowed in this Section, the Service Occupation Tax Act, the Use Tax Act, and the Service Use Tax Act, including any local tax administered by the Department and reported on the same return, shall not exceed $1,000 per month in the aggregate for returns other than transaction returns filed during the month. When determining the discount allowed under this Section, retailers shall include the amount of tax that would have been due at the 1% rate but for the 0% rate imposed under Public Act 102-700. When determining the discount allowed under this Section, retailers shall include the amount of tax that would have been due at the 6.25% rate but for the 1.25% rate imposed on sales tax holiday items under Public Act 102-700. The discount under this Section is not allowed for the 1.25% portion of taxes paid on aviation fuel that is subject to the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133. Any prepayment made pursuant to Section 2d of this Act shall be included in the amount on which such discount is computed. In the case of retailers who report and pay the tax on a transaction by transaction basis, as provided in this Section, such discount shall be taken with each such tax remittance instead of when such retailer files his periodic return, but, beginning with returns due on or after January 1, 2025, the vendor's discount allowed under this Section and the Use Tax Act, including any local tax administered by the Department and reported on the same

transaction return, shall not exceed $1,000 per month for all transaction returns filed during the month. The discount allowed under this Section is allowed only for returns that are filed in the manner required by this Act. The Department may disallow the discount for retailers whose certificate of registration is revoked at the time the return is filed, but only if the Department's decision to revoke the certificate of registration has become final.

Before October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act, excluding any liability for prepaid sales tax to be remitted in accordance with Section 2d of this Act, was $10,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the 20th day of the month next following the month during which such tax liability is incurred and shall make payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. On and after October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act, excluding any liability for prepaid sales tax to be remitted in accordance with Section 2d of this Act, was $20,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each

month by the 20th day of the month next following the month during which such tax liability is incurred and shall make payment to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. If the month during which such tax liability is incurred began prior to January 1, 1985, each payment shall be in an amount equal to 1/4 of the taxpayer's actual liability for the month or an amount set by the Department not to exceed 1/4 of the average monthly liability of the taxpayer to the Department for the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability in such 4 quarter period). If the month during which such tax liability is incurred begins on or after January 1, 1985 and prior to January 1, 1987, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 27.5% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1987 and prior to January 1, 1988, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 26.25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1988, and prior to January 1, 1989, or begins on or after January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or

25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1989, and prior to January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year or 100% of the taxpayer's actual liability for the quarter monthly reporting period. The amount of such quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month. Before October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department by taxpayers having an average monthly tax liability of $10,000 or more as determined in the manner provided above shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $9,000, or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $10,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $10,000 threshold stated above, then such taxpayer may petition the

Department for a change in such taxpayer's reporting status. On and after October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department by taxpayers having an average monthly tax liability of $20,000 or more as determined in the manner provided above shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $19,000 or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $20,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $20,000 threshold stated above, then such taxpayer may petition the Department for a change in such taxpayer's reporting status. The Department shall change such taxpayer's reporting status unless it finds that such change is seasonal in nature and not likely to be long term. Quarter monthly payment status shall be determined under this paragraph as if the rate reduction to 0% in Public Act 102-700 on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, food consisting of or infused with adult use cannabis, soft drinks, and food that has been prepared for

immediate consumption) had not occurred. For quarter monthly payments due under this paragraph on or after July 1, 2023 and through June 30, 2024, "25% of the taxpayer's liability for the same calendar month of the preceding year" shall be determined as if the rate reduction to 0% in Public Act 102-700 had not occurred. Quarter monthly payment status shall be determined under this paragraph as if the rate reduction to 1.25% in Public Act 102-700 on sales tax holiday items had not occurred. For quarter monthly payments due on or after July 1, 2023 and through June 30, 2024, "25% of the taxpayer's liability for the same calendar month of the preceding year" shall be determined as if the rate reduction to 1.25% in Public Act 102-700 on sales tax holiday items had not occurred. If any such quarter monthly payment is not paid at the time or in the amount required by this Section, then the taxpayer shall be liable for penalties and interest on the difference between the minimum amount due as a payment and the amount of such quarter monthly payment actually and timely paid, except insofar as the taxpayer has previously made payments for that month to the Department in excess of the minimum payments previously due as provided in this Section. The Department shall make reasonable rules and regulations to govern the quarter monthly payment amount and quarter monthly payment dates for taxpayers who file on other than a calendar monthly basis.

The provisions of this paragraph apply before October 1,

2001. Without regard to whether a taxpayer is required to make quarter monthly payments as specified above, any taxpayer who is required by Section 2d of this Act to collect and remit prepaid taxes and has collected prepaid taxes which average in excess of $25,000 per month during the preceding 2 complete calendar quarters, shall file a return with the Department as required by Section 2f and shall make payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. If the month during which such tax liability is incurred began prior to September 1, 1985 (the effective date of Public Act 84-221), each payment shall be in an amount not less than 22.5% of the taxpayer's actual liability under Section 2d. If the month during which such tax liability is incurred begins on or after January 1, 1986, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 27.5% of the taxpayer's liability for the same calendar month of the preceding calendar year. If the month during which such tax liability is incurred begins on or after January 1, 1987, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 26.25% of the taxpayer's liability for the same calendar month of the preceding year. The amount of such quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month filed under this Section or Section 2f, as the case may be. Once applicable, the

requirement of the making of quarter monthly payments to the Department pursuant to this paragraph shall continue until such taxpayer's average monthly prepaid tax collections during the preceding 2 complete calendar quarters is $25,000 or less. If any such quarter monthly payment is not paid at the time or in the amount required, the taxpayer shall be liable for penalties and interest on such difference, except insofar as the taxpayer has previously made payments for that month in excess of the minimum payments previously due.

The provisions of this paragraph apply on and after October 1, 2001. Without regard to whether a taxpayer is required to make quarter monthly payments as specified above, any taxpayer who is required by Section 2d of this Act to collect and remit prepaid taxes and has collected prepaid taxes that average in excess of $20,000 per month during the preceding 4 complete calendar quarters shall file a return with the Department as required by Section 2f and shall make payments to the Department on or before the 7th, 15th, 22nd, and last day of the month during which the liability is incurred. Each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year. The amount of the quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month filed under this Section or Section 2f, as the case may be. Once applicable, the

requirement of the making of quarter monthly payments to the Department pursuant to this paragraph shall continue until the taxpayer's average monthly prepaid tax collections during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $19,000 or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarters is less than $20,000. If any such quarter monthly payment is not paid at the time or in the amount required, the taxpayer shall be liable for penalties and interest on such difference, except insofar as the taxpayer has previously made payments for that month in excess of the minimum payments previously due.

If any payment provided for in this Section exceeds the taxpayer's liabilities under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act, as shown on an original monthly return, the Department shall, if requested by the taxpayer, issue to the taxpayer a credit memorandum no later than 30 days after the date of payment. The credit evidenced by such credit memorandum may be assigned by the taxpayer to a similar taxpayer under this Act, the Use Tax Act, the Service Occupation Tax Act, or the Service Use Tax Act, in accordance with reasonable rules and regulations to be prescribed by the Department. If no such request is made, the taxpayer may credit such excess payment against tax liability subsequently to be remitted to the Department under this Act,

the Use Tax Act, the Service Occupation Tax Act, or the Service Use Tax Act, in accordance with reasonable rules and regulations prescribed by the Department. If the Department subsequently determined that all or any part of the credit taken was not actually due to the taxpayer, the taxpayer's vendor's discount shall be reduced, if necessary, to reflect the difference between the credit taken and that actually due, and that taxpayer shall be liable for penalties and interest on such difference.

If a retailer of motor fuel is entitled to a credit under Section 2d of this Act which exceeds the taxpayer's liability to the Department under this Act for the month for which the taxpayer is filing a return, the Department shall issue the taxpayer a credit memorandum for the excess.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund, a special fund in the State treasury which is hereby created, the net revenue realized for the preceding month from the 1% tax imposed under this Act.

Beginning January 1, 1990, each month the Department shall pay into the County and Mass Transit District Fund, a special fund in the State treasury which is hereby created, 4% of the net revenue realized for the preceding month from the 6.25% general rate other than aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49

U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the County and Mass Transit District Fund 20% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol. If, in any month, the tax on sales tax holiday items, as defined in Section 2-8, is imposed at the rate of 1.25%, then the Department shall pay 20% of the net revenue realized for that month from the 1.25% rate on the selling price of sales tax holiday items into the County and Mass Transit District Fund.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund 16% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property other than aviation fuel sold on or after December 1, 2019. This exception for aviation fuel only applies for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

For aviation fuel sold on or after December 1, 2019, each month the Department shall pay into the State Aviation Program Fund 20% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of aviation fuel, less an amount estimated by the Department to be required for refunds of the 20% portion of the tax on aviation fuel under this Act, which amount shall be deposited into the Aviation Fuel Sales Tax Refund Fund. The Department shall only

pay moneys into the State Aviation Program Fund and the Aviation Fuel Sales Tax Refund Fund under this Act for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Beginning August 1, 2000, each month the Department shall pay into the Local Government Tax Fund 80% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol. If, in any month, the tax on sales tax holiday items, as defined in Section 2-8, is imposed at the rate of 1.25%, then the Department shall pay 80% of the net revenue realized for that month from the 1.25% rate on the selling price of sales tax holiday items into the Local Government Tax Fund.

Beginning October 1, 2009, each month the Department shall pay into the Capital Projects Fund an amount that is equal to an amount estimated by the Department to represent 80% of the net revenue realized for the preceding month from the sale of candy, grooming and hygiene products, and soft drinks that had been taxed at a rate of 1% prior to September 1, 2009 but that are now taxed at 6.25%.

Beginning July 1, 2011, each month the Department shall pay into the Clean Air Act Permit Fund 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of sorbents used in Illinois in the process of sorbent injection as used to comply with the Environmental Protection Act or the federal Clean Air Act, but

the total payment into the Clean Air Act Permit Fund under this Act and the Use Tax Act shall not exceed $2,000,000 in any fiscal year.

Beginning July 1, 2013, each month the Department shall pay into the Underground Storage Tank Fund from the proceeds collected under this Act, the Use Tax Act, the Service Use Tax Act, and the Service Occupation Tax Act an amount equal to the average monthly deficit in the Underground Storage Tank Fund during the prior year, as certified annually by the Illinois Environmental Protection Agency, but the total payment into the Underground Storage Tank Fund under this Act, the Use Tax Act, the Service Use Tax Act, and the Service Occupation Tax Act shall not exceed $18,000,000 in any State fiscal year. As used in this paragraph, the "average monthly deficit" shall be equal to the difference between the average monthly claims for payment by the fund and the average monthly revenues deposited into the fund, excluding payments made pursuant to this paragraph.

Beginning July 1, 2015, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, each month the Department shall deposit $500,000 into the State Crime Laboratory Fund.

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on

and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%, as the case may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to this Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as hereinafter defined), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; the "Annual Specified Amount" means the amounts specified below for fiscal years 1986 through 1993:

Fiscal Year	Annual Specified Amount
1986	$54,800,000
1987	$76,650,000
1988	$80,480,000
1989	$88,510,000
1990	$115,330,000
1991	$145,470,000
1992	$182,730,000
1993	$206,520,000;

and means the Certified Annual Debt Service Requirement (as defined in Section 13 of the Build Illinois Bond Act) or the Tax Act Amount, whichever is greater, for fiscal year 1994 and each fiscal year thereafter; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund during such month and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year. The amounts payable into the Build Illinois Fund under clause (b) of the first sentence in this paragraph shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing Bonds issued and outstanding pursuant to the Build Illinois Bond Act is sufficient, taking into account any future investment income, to fully provide, in accordance with such indenture, for the defeasance of or the payment of the principal of, premium, if any, and interest on the Bonds secured by such indenture and on

any Bonds expected to be issued thereafter and all fees and costs payable with respect thereto, all as certified by the Director of the Bureau of the Budget (now Governor's Office of Management and Budget). If on the last business day of any month in which Bonds are outstanding pursuant to the Build Illinois Bond Act, the aggregate of moneys deposited in the Build Illinois Bond Account in the Build Illinois Fund in such month shall be less than the amount required to be transferred in such month from the Build Illinois Bond Account to the Build Illinois Bond Retirement and Interest Fund pursuant to Section 13 of the Build Illinois Bond Act, an amount equal to such deficiency shall be immediately paid from other moneys received by the Department pursuant to the Tax Acts to the Build Illinois Fund; provided, however, that any amounts paid to the Build Illinois Fund in any fiscal year pursuant to this sentence shall be deemed to constitute payments pursuant to clause (b) of the first sentence of this paragraph and shall reduce the amount otherwise payable for such fiscal year pursuant to that clause (b). The moneys received by the Department pursuant to this Act and required to be deposited into the Build Illinois Fund are subject to the pledge, claim and charge set forth in Section 12 of the Build Illinois Bond Act.

Subject to payment of amounts into the Build Illinois Fund as provided in the preceding paragraph or in any amendment thereto hereafter enacted, the following specified monthly

installment of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority provided under Section 8.25f of the State Finance Act, but not in excess of sums designated as "Total Deposit", shall be deposited in the aggregate from collections under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act into the McCormick Place Expansion Project Fund in the specified fiscal years.

Fiscal Year	Total Deposit
1993	$0
1994	53,000,000
1995	58,000,000
1996	61,000,000
1997	64,000,000
1998	68,000,000
1999	71,000,000
2000	75,000,000
2001	80,000,000
2002	93,000,000
2003	99,000,000
2004	103,000,000
2005	108,000,000
2006	113,000,000
2007	119,000,000
2008	126,000,000

2009	132,000,000
2010	139,000,000
2011	146,000,000
2012	153,000,000
2013	161,000,000
2014	170,000,000
2015	179,000,000
2016	189,000,000
2017	199,000,000
2018	210,000,000
2019	221,000,000
2020	233,000,000
2021	300,000,000
2022	300,000,000
2023	300,000,000
2024	300,000,000
2025	300,000,000
2026	300,000,000
2027	375,000,000
2028	375,000,000
2029	375,000,000
2030	375,000,000
2031	375,000,000
2032	375,000,000
2033	375,000,000
2034	375,000,000

2035	375,000,000
2036	450,000,000
and	
each fiscal year thereafter that bonds are outstanding under Section 13.2 of the Metropolitan Pier and Exposition Authority Act, but not after fiscal year 2060.	

Beginning July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority for that fiscal year, less the amount deposited into the McCormick Place Expansion Project Fund by the State Treasurer in the respective month under subsection (g) of Section 13 of the Metropolitan Pier and Exposition Authority Act, plus cumulative deficiencies in the deposits required under this Section for previous months and years, shall be deposited into the McCormick Place Expansion Project Fund, until the full amount requested for the fiscal year, but not in excess of the amount specified above as "Total Deposit", has been deposited.

Subject to payment of amounts into the Capital Projects Fund, the Clean Air Act Permit Fund, the Build Illinois Fund, and the McCormick Place Expansion Project Fund pursuant to the

preceding paragraphs or in any amendments thereto hereafter enacted, for aviation fuel sold on or after December 1, 2019, the Department shall each month deposit into the Aviation Fuel Sales Tax Refund Fund an amount estimated by the Department to be required for refunds of the 80% portion of the tax on aviation fuel under this Act. The Department shall only deposit moneys into the Aviation Fuel Sales Tax Refund Fund under this paragraph for so long as the revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

Subject to payment of amounts into the Build Illinois Fund and the McCormick Place Expansion Project Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, beginning July 1, 1993 and ending on September 30, 2013, the Department shall each month pay into the Illinois Tax Increment Fund 0.27% of 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property.

Subject to payment of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, and the Illinois Tax Increment Fund pursuant to the preceding paragraphs or in any amendments to this Section hereafter enacted, beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098), each month, from the collections made under Section 9 of the Use Tax Act, Section 9 of the Service

Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act, the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue, an amount equal to 1/12 of 5% of 80% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and associated local occupation and use taxes administered by the Department.

Subject to payments of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, the Energy Infrastructure Fund, and the Tax Compliance and Administration Fund as provided in this Section, beginning on July 1, 2018 the Department shall pay each month into the Downstate Public Transportation Fund the moneys required to be so paid under Section 2-3 of the Downstate Public Transportation Act.

Subject to successful execution and delivery of a public-private agreement between the public agency and private entity and completion of the civic build, beginning on July 1, 2023, of the remainder of the moneys received by the Department under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and this Act, the Department shall deposit the following specified deposits in the aggregate from

collections under the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, as required under Section 8.25g of the State Finance Act for distribution consistent with the Public-Private Partnership for Civic and Transit Infrastructure Project Act. The moneys received by the Department pursuant to this Act and required to be deposited into the Civic and Transit Infrastructure Fund are subject to the pledge, claim and charge set forth in Section 25-55 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act. As used in this paragraph, "civic build", "private entity", "public-private agreement", and "public agency" have the meanings provided in Section 25-10 of the Public-Private Partnership for Civic and Transit Infrastructure Project Act.

Fiscal Year	Total Deposit
2024	$200,000,000
2025	$206,000,000
2026	$212,200,000
2027	$218,500,000
2028	$225,100,000
2029	$288,700,000
2030	$298,900,000
2031	$309,300,000
2032	$320,100,000
2033	$331,200,000
2034	$341,200,000

2035 ..... $351,400,000
2036 ..... $361,900,000
2037 ..... $372,800,000
2038 ..... $384,000,000
2039 ..... $395,500,000
2040 ..... $407,400,000
2041 ..... $419,600,000
2042 ..... $432,200,000
2043 ..... $445,100,000

Beginning July 1, 2021 and until July 1, 2022, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 16% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2022 and until July 1, 2023, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 32% of the net revenue realized from the taxes imposed on motor fuel and

gasohol. Beginning July 1, 2023 and until July 1, 2024, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 48% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning July 1, 2024 and until July 1, 2025, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 64% of the net revenue realized from the taxes imposed on motor fuel and gasohol. Beginning on July 1, 2025, subject to the payment of amounts into the County and Mass Transit District Fund, the Local Government Tax Fund, the Build Illinois Fund, the McCormick Place Expansion Project Fund, the Illinois Tax Increment Fund, and the Tax Compliance and Administration Fund as provided in this Section, the Department shall pay each month into the Road Fund the amount estimated to represent 80% of the net revenue realized from the taxes imposed on motor fuel and gasohol. As used in this paragraph "motor fuel" has

the meaning given to that term in Section 1.1 of the Motor Fuel Tax Law, and "gasohol" has the meaning given to that term in Section 3-40 of the Use Tax Act.

Until July 1, 2025, of ~~Of~~ the remainder of the moneys received by the Department pursuant to this Act, 75% thereof shall be paid into the State treasury and 25% shall be reserved in a special account and used only for the transfer to the Common School Fund as part of the monthly transfer from the General Revenue Fund in accordance with Section 8a of the State Finance Act. Beginning July 1, 2025, of the remainder of the moneys received by the Department pursuant to this Act, 75% shall be deposited into the General Revenue Fund and 25% shall be deposited into the Common School Fund.

The Department may, upon separate written notice to a taxpayer, require the taxpayer to prepare and file with the Department on a form prescribed by the Department within not less than 60 days after receipt of the notice an annual information return for the tax year specified in the notice. Such annual return to the Department shall include a statement of gross receipts as shown by the retailer's last federal income tax return. If the total receipts of the business as reported in the federal income tax return do not agree with the gross receipts reported to the Department of Revenue for the same period, the retailer shall attach to his annual return a schedule showing a reconciliation of the 2 amounts and the reasons for the difference. The retailer's annual return to

the Department shall also disclose the cost of goods sold by the retailer during the year covered by such return, opening and closing inventories of such goods for such year, costs of goods used from stock or taken from stock and given away by the retailer during such year, payroll information of the retailer's business during such year and any additional reasonable information which the Department deems would be helpful in determining the accuracy of the monthly, quarterly, or annual returns filed by such retailer as provided for in this Section.

If the annual information return required by this Section is not filed when and as required, the taxpayer shall be liable as follows:

(i) Until January 1, 1994, the taxpayer shall be liable for a penalty equal to 1/6 of 1% of the tax due from such taxpayer under this Act during the period to be covered by the annual return for each month or fraction of a month until such return is filed as required, the penalty to be assessed and collected in the same manner as any other penalty provided for in this Act.

(ii) On and after January 1, 1994, the taxpayer shall be liable for a penalty as described in Section 3-4 of the Uniform Penalty and Interest Act.

The chief executive officer, proprietor, owner, or highest ranking manager shall sign the annual return to certify the accuracy of the information contained therein. Any person who

willfully signs the annual return containing false or inaccurate information shall be guilty of perjury and punished accordingly. The annual return form prescribed by the Department shall include a warning that the person signing the return may be liable for perjury.

The provisions of this Section concerning the filing of an annual information return do not apply to a retailer who is not required to file an income tax return with the United States Government.

As soon as possible after the first day of each month, upon certification of the Department of Revenue, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the Motor Fuel Tax Fund an amount equal to 1.7% of 80% of the net revenue realized under this Act for the second preceding month. Beginning April 1, 2000, this transfer is no longer required and shall not be made.

Net revenue realized for a month shall be the revenue collected by the State pursuant to this Act, less the amount paid out during that month as refunds to taxpayers for overpayment of liability.

For greater simplicity of administration, manufacturers, importers and wholesalers whose products are sold at retail in Illinois by numerous retailers, and who wish to do so, may assume the responsibility for accounting and paying to the Department all tax accruing under this Act with respect to such sales, if the retailers who are affected do not make

written objection to the Department to this arrangement.

Any person who promotes, organizes, or provides retail selling space for concessionaires or other types of sellers at the Illinois State Fair, DuQuoin State Fair, county fairs, local fairs, art shows, flea markets, and similar exhibitions or events, including any transient merchant as defined by Section 2 of the Transient Merchant Act of 1987, is required to file a report with the Department providing the name of the merchant's business, the name of the person or persons engaged in merchant's business, the permanent address and Illinois Retailers Occupation Tax Registration Number of the merchant, the dates and location of the event, and other reasonable information that the Department may require. The report must be filed not later than the 20th day of the month next following the month during which the event with retail sales was held. Any person who fails to file a report required by this Section commits a business offense and is subject to a fine not to exceed $250.

Any person engaged in the business of selling tangible personal property at retail as a concessionaire or other type of seller at the Illinois State Fair, county fairs, art shows, flea markets, and similar exhibitions or events, or any transient merchants, as defined by Section 2 of the Transient Merchant Act of 1987, may be required to make a daily report of the amount of such sales to the Department and to make a daily payment of the full amount of tax due. The Department shall

impose this requirement when it finds that there is a significant risk of loss of revenue to the State at such an exhibition or event. Such a finding shall be based on evidence that a substantial number of concessionaires or other sellers who are not residents of Illinois will be engaging in the business of selling tangible personal property at retail at the exhibition or event, or other evidence of a significant risk of loss of revenue to the State. The Department shall notify concessionaires and other sellers affected by the imposition of this requirement. In the absence of notification by the Department, the concessionaires and other sellers shall file their returns as otherwise required in this Section.

(Source: P.A. 102-634, eff. 8-27-21; 102-700, Article 60, Section 60-30, eff. 4-19-22; 102-700, Article 65, Section 65-10, eff. 4-19-22; 102-813, eff. 5-13-22; 102-1019, eff. 1-1-23; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23; 103-363, eff. 7-28-23; 103-592, Article 75, Section 75-20, eff. 1-1-25; 103-592, Article 110, Section 110-20, eff. 6-7-24; 103-605, eff. 7-1-24; 103-1055, eff. 12-20-24.)

Section 35-40. The Illinois Vehicle Code is amended by changing Section 3-1001 as follows:

(625 ILCS 5/3-1001) (from Ch. 95 1/2, par. 3-1001)

Sec. 3-1001. A tax is hereby imposed on the privilege of using, in this State, any motor vehicle as defined in Section

1-146 of this Code acquired by gift, transfer, or purchase, and having a year model designation preceding the year of application for title by 5 or fewer years prior to October 1, 1985 and 10 or fewer years on and after October 1, 1985 and prior to January 1, 1988. On and after January 1, 1988, the tax shall apply to all motor vehicles without regard to model year. Except that the tax shall not apply:

(i) if the use of the motor vehicle is otherwise taxed under the Use Tax Act;

(ii) if the motor vehicle is bought and used by a governmental agency or a society, association, foundation or institution organized and operated exclusively for charitable, religious or educational purposes;

(iii) if the use of the motor vehicle is not subject to the Use Tax Act by reason of subsection (a), (b), (c), (d), (e) or (f) of Section 3-55 of that Act dealing with the prevention of actual or likely multistate taxation;

(iv) to implements of husbandry;

(v) when a junking certificate is issued pursuant to Section 3-117(a) of this Code;

(vi) when a vehicle is subject to the replacement vehicle tax imposed by Section 3-2001 of this Act;

(vii) when the transfer is a gift to a beneficiary in the administration of an estate and the beneficiary is a surviving spouse;.

(viii) if the motor vehicle is purchased for the

purpose of resale by a retailer registered under Section 2a of the Retailers' Occupation Tax Act.

Prior to January 1, 1988, the rate of tax shall be 5% of the selling price for each purchase of a motor vehicle covered by Section 3-1001 of this Code. Except as hereinafter provided, beginning January 1, 1988 and until January 1, 2022, the rate of tax shall be as follows for transactions in which the selling price of the motor vehicle is less than $15,000:

Number of Years Transpired After Model Year of Motor Vehicle	Applicable Tax
1 or less	$390
2	290
3	215
4	165
5	115
6	90
7	80
8	65
9	50
10	40
over 10	25

Except as hereinafter provided, beginning January 1, 1988 and until January 1, 2022, the rate of tax shall be as follows for transactions in which the selling price of the motor vehicle is $15,000 or more:

Selling Price	Applicable Tax

$15,000 - $19,999	$ 750
$20,000 - $24,999	$1,000
$25,000 - $29,999	$1,250
$30,000 and over	$1,500

Except as hereinafter provided, beginning on January 1, 2022, the rate of tax shall be as follows for transactions in which the selling price of the motor vehicle is less than $15,000:

(1) if one year or less has transpired after the model year of the vehicle, then the applicable tax is $465;

(2) if 2 years have transpired after the model year of the motor vehicle, then the applicable tax is $365;

(3) if 3 years have transpired after the model year of the motor vehicle, then the applicable tax is $290;

(4) if 4 years have transpired after the model year of the motor vehicle, then the applicable tax is $240;

(5) if 5 years have transpired after the model year of the motor vehicle, then the applicable tax is $190;

(6) if 6 years have transpired after the model year of the motor vehicle, then the applicable tax is $165;

(7) if 7 years have transpired after the model year of the motor vehicle, then the applicable tax is $155;

(8) if 8 years have transpired after the model year of the motor vehicle, then the applicable tax is $140;

(9) if 9 years have transpired after the model year of the motor vehicle, then the applicable tax is $125;

(10) if 10 years have transpired after the model year of the motor vehicle, then the applicable tax is $115; and

(11) if more than 10 years have transpired after the model year of the motor vehicle, then the applicable tax is $100.

Except as hereinafter provided, beginning on January 1, 2022, the rate of tax shall be as follows for transactions in which the selling price of the motor vehicle is $15,000 or more:

(1) if the selling price is $15,000 or more, but less than $20,000, then the applicable tax shall be $850;

(2) if the selling price is $20,000 or more, but less than $25,000, then the applicable tax shall be $1,100;

(3) if the selling price is $25,000 or more, but less than $30,000, then the applicable tax shall be $1,350;

(4) if the selling price is $30,000 or more, but less than $50,000, then the applicable tax shall be $1,600;

(5) if the selling price is $50,000 or more, but less than $100,000, then the applicable tax shall be $2,600;

(6) if the selling price is $100,000 or more, but less than $1,000,000, then the applicable tax shall be $5,100; and

(7) if the selling price is $1,000,000 or more, then the applicable tax shall be $10,100.

For the following transactions, the tax rate shall be $15 for each motor vehicle acquired in such transaction:

(i) when the transferee or purchaser is the spouse, mother, father, brother, sister or child of the transferor;

(ii) when the transfer is a gift to a beneficiary in the administration of an estate, including, but not limited to, the administration of an inter vivos trust that became irrevocable upon the death of a grantor, and the beneficiary is not a surviving spouse;

(iii) when a motor vehicle which has once been subjected to the Illinois retailers' occupation tax or use tax is transferred in connection with the organization, reorganization, dissolution or partial liquidation of an incorporated or unincorporated business wherein the beneficial ownership is not changed.

A claim that the transaction is taxable under subparagraph (i) shall be supported by such proof of family relationship as provided by rules of the Department.

For a transaction in which a motorcycle, motor driven cycle or moped is acquired the tax rate shall be $25.

On and after October 1, 1985 and until January 1, 2022, 1/12 of $5,000,000 of the moneys received by the Department of Revenue pursuant to this Section shall be paid each month into the Build Illinois Fund; on and after January 1, 2022, 1/12 of $40,000,000 of the moneys received by the Department of Revenue pursuant to this Section shall be paid each month into the Build Illinois Fund; and the remainder shall be paid into

the General Revenue Fund.

The tax imposed by this Section shall be abated and no longer imposed when the amount deposited to secure the bonds issued pursuant to the Build Illinois Bond Act is sufficient to provide for the payment of the principal of, and interest and premium, if any, on the bonds, as certified to the State Comptroller and the Director of Revenue by the Director of the Governor's Office of Management and Budget.

(Source: P.A. 102-353, eff. 1-1-22; 102-762, eff. 5-13-22.)

Section 35-45. The Illinois Gives Tax Credit Act is amended by changing Sections 170-5 and 170-10 as follows:

(35 ILCS 60/170-5)

Sec. 170-5. Definitions. As used in this Act:

"Business entity" means a corporation (including a Subchapter S corporation), trust, estate, partnership, limited liability company, or sole proprietorship.

"Credit-eligible endowment gift" means an endowment gift for which a taxpayer intends to apply for an income tax credit under this Act.

"Department" means the Department of Revenue.

"Donor advised fund" has the meaning given to that term in subsection (d) of Section 4966 of the Internal Revenue Code of 1986.

"Endowment gift" means an irrevocable contribution to a

permanent endowment fund held by a qualified community foundation.

"Permanent endowment fund" means a fund that (i) is held by a qualified community foundation, (ii) provides charitable grants exclusively for the benefit of residents of the State or charities and charitable projects located in the State, (iii) is intended to exist in perpetuity, (iv) has an annual spending rate based on the foundation spending policy, but not to exceed 7%, and (v) is not a donor advised fund.

"Qualified community foundation" means a community foundation or similar publicly supported organization described in Section 170(b)(1)(A)(vi) of the Internal Revenue Code of 1986 that is organized or operating in this State and that (i) for applications submitted before July 1, 2025, substantially complies with the national standards for U.S. community foundations established by the Community Foundations National Standards, as determined by the Department, (ii) for applications or renewals submitted on or after July 1, 2025 and before July 1, 2026, has received or applied for the Community Foundations National Standards accreditation seal, or (iii) for applications or renewals submitted on or after July 1, 2026, has received the Community Foundations National Standards accreditation seal.

"Taxpayer" means any individual who is subject to the tax imposed under subsections (a) and (b) of Section 201 of the Illinois Income Tax Act or any business entity that is subject

to the tax imposed under subsections (a) and (b) of Section 201 of the Illinois Income Tax Act.

(Source: P.A. 103-592, eff. 6-7-24.)

(35 ILCS 60/170-10)

Sec. 170-10. Tax credit awards; limitations.

(a) For taxable years ending on or after December 31, 2025 and ending before December 31, 2030 ~~January 1, 2030~~, the Department shall award, in accordance with this Act, income tax credits to taxpayers who provide an endowment gift to a permanent endowment fund during the taxable year and receive a certificate of receipt under Section 170-15 for that gift. Subject to the limitations in this Section, the amount of the credit that may be awarded to a taxpayer by the Department under this Act is an amount equal to 25% of the endowment gift. For the purposes of this Section, taxpayers filing a joint return shall be considered one taxpayer.

(b) The aggregate amount of all Illinois Gives tax credits awarded by the Department under this Act in any calendar year may not exceed $5,000,000.

(c) The aggregate amount of all Illinois Gives tax credits that the Department may award to any taxpayer under this Act in any calendar year may not exceed $100,000 for taxpayers who are not spouses filing a joint return or $200,000 for taxpayers who are spouses filing a joint return.

(d) The amount of contributions to any specific qualified

community foundation that are eligible for Illinois Gives tax credits under this Section in any calendar year shall not exceed $3,000,000.

(e) Of the annual amount available for tax credits, 25% must be reserved for endowment gifts that do not exceed the small gift maximum set forth in this subsection. The small gift maximum is $25,000. For purposes of determining if a donation meets the small gift maximum, the amount of the credit authorization certificate under Section 170-15 shall be used.

(f) For the purpose of this Section, a credit is considered to be awarded on the date the Department issues an approved contribution authorization certificate under Section 170-15.

(Source: P.A. 103-592, eff. 6-7-24.)

Section 35-50. The Illinois Municipal Code is amended by changing Section 8-11-2.3 as follows:

(65 ILCS 5/8-11-2.3)

Sec. 8-11-2.3. Municipal Motor Fuel Tax Law. Notwithstanding any other provision of law, in addition to any other tax that may be imposed, a municipality in a county with a population of over 3,000,000 inhabitants may also impose, by ordinance, a tax upon all persons engaged in the municipality in the business of selling motor fuel, as defined in the Motor

Fuel Tax Law, at retail for the operation of motor vehicles upon public highways or for the operation of recreational watercraft upon waterways. The tax may be imposed, in one cent increments, at a rate not to exceed $0.03 per gallon of motor fuel sold at retail within the municipality for the purpose of use or consumption and not for the purpose of resale. The tax may not be imposed under this Section on aviation fuel, as defined in Section 3 of the Retailers' Occupation Tax Act.

Notwithstanding any provisions of this Section to the contrary, a municipality whose territory lies partially in a county with a population of over 3,000,000 inhabitants and partially outside such a county may, in the alternative, impose the tax authorized under this Section in only that portion of the municipality that lies in a county with a population of over 3,000,000 inhabitants.

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

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

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

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

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

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

the disbursement of stated sums of money to named municipalities for which taxpayers have paid taxes or penalties hereunder to the Department during the second preceding calendar month. The amount to be paid to each municipality shall be the amount (not including credit memoranda) collected under this Section from retailers within the municipality during the second preceding calendar month by the Department, plus an amount the Department determines is necessary to offset amounts that were erroneously paid to a different municipality, and not including an amount equal to the amount of refunds made during the second preceding calendar month by the Department on behalf of the municipality, and not including any amount that the Department determines is necessary to offset any amounts that were payable to a different municipality but were erroneously paid to the municipality, less 1.5% of the remainder, which the Department shall transfer into the Tax Compliance and Administration Fund. The Department, at the time of each monthly disbursement, shall prepare and certify to the State Comptroller the amount to be transferred into the Tax Compliance and Administration Fund under this Section. Within 10 days after receipt by the Comptroller of the disbursement certification to the municipalities and the Tax Compliance and Administration Fund provided for in this Section to be given to the Comptroller by the Department, the Comptroller shall cause the orders to be drawn for the respective amounts in

accordance with the directions contained in the certification.

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

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

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

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

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

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

Section 35-55. The Liquor Control Act of 1934 is amended by changing Section 8-1 as follows:

(235 ILCS 5/8-1)

Sec. 8-1. A tax is imposed upon the privilege of engaging in business as a manufacturer or as an importing distributor of alcoholic liquor other than beer at the rate of $0.185 per gallon until September 1, 2009 and $0.231 per gallon beginning September 1, 2009 for cider containing not less than 0.5% alcohol by volume nor more than 7% alcohol by volume, $0.73 per gallon until September 1, 2009 and $1.39 per gallon beginning September 1, 2009 for wine other than cider containing less than 7% alcohol by volume, and $4.50 per gallon until September 1, 2009 and $8.55 per gallon beginning September 1, 2009 on alcohol and spirits manufactured and sold or used by

such manufacturer, or as agent for any other person, or sold or used by such importing distributor, or as agent for any other person. A tax is imposed upon the privilege of engaging in business as a manufacturer of beer or as an importing distributor of beer at the rate of $0.185 per gallon until September 1, 2009 and $0.231 per gallon beginning September 1, 2009 on all beer, regardless of alcohol by volume, manufactured and sold or used by such manufacturer, or as agent for any other person, or sold or used by such importing distributor, or as agent for any other person. Any brewer manufacturing beer in this State shall be entitled to and given a credit or refund of 75% of the tax imposed on each gallon of beer up to 4.9 million gallons per year in any given calendar year for tax paid or payable on beer produced and sold in the State of Illinois.

For purposes of this Section, "beer" means beer, ale, porter, stout, and other similar fermented beverages of any name or description containing one-half of one percent or more of alcohol by volume, brewed or produced from malt, wholly or in part, or from any substitute for malt.

For the purpose of this Section, "cider" means any alcoholic beverage obtained by the alcohol fermentation of the juice of apples or pears including, but not limited to, flavored, sparkling, or carbonated cider.

The credit or refund created by this Act shall apply to all beer taxes in the calendar years 1982 through 1986.

The increases made by this amendatory Act of the 91st General Assembly in the rates of taxes imposed under this Section shall apply beginning on July 1, 1999.

A tax at the rate of 1¢ per gallon on beer and 48¢ per gallon on alcohol and spirits is also imposed upon the privilege of engaging in business as a retailer or as a distributor who is not also an importing distributor with respect to all beer and all alcohol and spirits owned or possessed by such retailer or distributor when this amendatory Act of 1969 becomes effective, and with respect to which the additional tax imposed by this amendatory Act upon manufacturers and importing distributors does not apply. Retailers and distributors who are subject to the additional tax imposed by this paragraph of this Section shall be required to inventory such alcoholic liquor and to pay this additional tax in a manner prescribed by the Department.

The provisions of this Section shall be construed to apply to any importing distributor engaging in business in this State, whether licensed or not.

However, such tax is not imposed upon any such business as to any alcoholic liquor shipped outside Illinois by an Illinois licensed manufacturer or importing distributor, nor as to any alcoholic liquor delivered in Illinois by an Illinois licensed manufacturer or importing distributor to a purchaser for immediate transportation by the purchaser to another state into which the purchaser has a legal right,

under the laws of such state, to import such alcoholic liquor, nor as to any alcoholic liquor other than beer sold by one Illinois licensed manufacturer or importing distributor to another Illinois licensed manufacturer or importing distributor to the extent to which the sale of alcoholic liquor other than beer by one Illinois licensed manufacturer or importing distributor to another Illinois licensed manufacturer or importing distributor is authorized by the licensing provisions of this Act, nor to alcoholic liquor whether manufactured in or imported into this State when sold to a "non-beverage user" licensed by the State for use in the manufacture of any of the following when they are unfit for beverage purposes:

Patent and proprietary medicines and medicinal, antiseptic, culinary and toilet preparations;

Flavoring extracts and syrups and food products;

Scientific, industrial and chemical products, excepting denatured alcohol;

Or for scientific, chemical, experimental or mechanical purposes;

Nor is the tax imposed upon the privilege of engaging in any business in interstate commerce or otherwise, which business may not, under the Constitution and Statutes of the United States, be made the subject of taxation by this State.

The tax herein imposed shall be in addition to all other occupation or privilege taxes imposed by the State of Illinois

or political subdivision thereof.

If any alcoholic liquor manufactured in or imported into this State is sold to a licensed manufacturer or importing distributor by a licensed manufacturer or importing distributor to be used solely as an ingredient in the manufacture of any beverage for human consumption, the tax imposed upon such purchasing manufacturer or importing distributor shall be reduced by the amount of the taxes which have been paid by the selling manufacturer or importing distributor under this Act as to such alcoholic liquor so used to the Department of Revenue.

If any person received any alcoholic liquors from a manufacturer or importing distributor, with respect to which alcoholic liquors no tax is imposed under this Article, and such alcoholic liquor shall thereafter be disposed of in such manner or under such circumstances as may cause the same to become the base for the tax imposed by this Article, such person shall make the same reports and returns, pay the same taxes and be subject to all other provisions of this Article relating to manufacturers and importing distributors.

Nothing in this Article shall be construed to require the payment to the Department of the taxes imposed by this Article more than once with respect to any quantity of alcoholic liquor sold or used within this State.

No tax is imposed by this Act on sales of alcoholic liquor by Illinois licensed foreign importers to Illinois licensed

importing distributors.

Before July 1, 2025, all ~~All~~ of the proceeds of the additional tax imposed by Public Act 96-34 shall be deposited by the Department into the Capital Projects Fund. The remainder of the tax imposed by this Act shall be deposited by the Department into the General Revenue Fund. On and after July 1, 2025, the proceeds from the tax imposed by this Act shall be deposited as follows:

(1) 43% into the Capital Projects Fund; and

(2) 57% into the General Revenue Fund.

A manufacturer of beer that imports or transfers beer into this State must comply with the provisions of this Section with regard to the beer imported into this State.

The provisions of this Section 8-1 are severable under Section 1.31 of the Statute on Statutes.

(Source: P.A. 100-885, eff. 8-14-18; 101-16, eff. 6-14-19.)

ARTICLE 40

Section 40-5. The Motor Fuel Tax Law is amended by changing Sections 1.1 and 13 as follows:

(35 ILCS 505/1.1) (from Ch. 120, par. 417.1)

Sec. 1.1. "Motor Fuel" means all volatile and inflammable substances (whether in liquid or gaseous form) that are ~~liquids~~ produced, blended or compounded for the purpose of, or

that ~~which~~ are suitable or practicable for, operating motor vehicles. Among other things, "Motor Fuel" includes "Special Fuel" as defined in Section 1.13 of this Act.

(Source: Laws 1963, p. 1557.)

(35 ILCS 505/13) (from Ch. 120, par. 429)

Sec. 13. Refund of tax paid. Any person other than a distributor or supplier, who loses motor fuel through any cause or uses motor fuel (upon which he has paid the amount required to be collected under Section 2 of this Act) for any purpose other than operating a motor vehicle upon the public highways or waters, shall be reimbursed and repaid the amount so paid.

Any person who purchases motor fuel in Illinois and uses that motor fuel in another state and that other state imposes a tax on the use of such motor fuel shall be reimbursed and repaid the amount of Illinois tax paid under Section 2 of this Act on the motor fuel used in such other state. Reimbursement and repayment shall be made by the Department upon receipt of adequate proof of taxes directly paid to another state and the amount of motor fuel used in that state.

Claims based in whole or in part on taxes paid to another state shall include (i) a certified copy of the tax return filed with such other state by the claimant; (ii) a copy of either the cancelled check paying the tax due on such return, or a receipt acknowledging payment of the tax due on such tax

return; and (iii) such other information as the Department may reasonably require. This paragraph shall not apply to taxes paid on returns filed under Section 13a.3 of this Act.

Any person who purchases motor fuel use tax decals as required by Section 13a.4 and pays an amount of fees for such decals that exceeds the amount due shall be reimbursed and repaid the amount of the decal fees that are deemed by the department to be in excess of the amount due. Alternatively, any person who purchases motor fuel use tax decals as required by Section 13a.4 may credit any excess decal payment verified by the Department against amounts subsequently due for the purchase of additional decals, until such time as no excess payment remains.

Claims for such reimbursement must be made to the Department of Revenue, duly verified by the claimant (or by the claimant's legal representative if the claimant has died or become a person under legal disability), upon forms prescribed by the Department. The claim must state such facts relating to the purchase, importation, manufacture or production of the motor fuel by the claimant as the Department may deem necessary, and the time when, and the circumstances of its loss or the specific purpose for which it was used (as the case may be), together with such other information as the Department may reasonably require. No claim based upon idle time shall be allowed. Claims for reimbursement for overpayment of decal fees shall be made to the Department of

Revenue, duly verified by the claimant (or by the claimant's legal representative if the claimant has died or become a person under legal disability), upon forms prescribed by the Department. The claim shall state facts relating to the overpayment of decal fees, together with such other information as the Department may reasonably require. Claims for reimbursement of overpayment of decal fees paid on or after January 1, 2011 must be filed not later than one year after the date on which the fees were paid by the claimant. If it is determined that the Department should reimburse a claimant for overpayment of decal fees, the Department shall first apply the amount of such refund against any tax or penalty or interest due by the claimant under Section 13a of this Act.

Claims for full reimbursement for taxes paid on or before December 31, 1999 must be filed not later than one year after the date on which the tax was paid by the claimant. If, however, a claim for such reimbursement otherwise meeting the requirements of this Section is filed more than one year but less than 2 years after that date, the claimant shall be reimbursed at the rate of 80% of the amount to which he would have been entitled if his claim had been timely filed.

Claims for full reimbursement for taxes paid on or after January 1, 2000 must be filed not later than 2 years after the date on which the tax was paid by the claimant.

The Department may make such investigation of the

correctness of the facts stated in such claims as it deems necessary. When the Department has approved any such claim, it shall pay to the claimant (or to the claimant's legal representative, as such if the claimant has died or become a person under legal disability) the reimbursement provided in this Section, out of any moneys appropriated to it for that purpose.

Any distributor or supplier who has paid the tax imposed by Section 2 of this Act upon motor fuel lost or used by such distributor or supplier for any purpose other than operating a motor vehicle upon the public highways or waters may file a claim for credit or refund to recover the amount so paid. Such claims shall be filed on forms prescribed by the Department. Such claims shall be made to the Department, duly verified by the claimant (or by the claimant's legal representative if the claimant has died or become a person under legal disability), upon forms prescribed by the Department. The claim shall state such facts relating to the purchase, importation, manufacture or production of the motor fuel by the claimant as the Department may deem necessary and the time when the loss or nontaxable use occurred, and the circumstances of its loss or the specific purpose for which it was used (as the case may be), together with such other information as the Department may reasonably require. Claims must be filed not later than one year after the date on which the tax was paid by the claimant.

The Department may make such investigation of the correctness of the facts stated in such claims as it deems necessary. When the Department approves a claim, the Department shall issue a refund or credit memorandum as requested by the taxpayer, to the distributor or supplier who made the payment for which the refund or credit is being given or, if the distributor or supplier has died or become incompetent, to such distributor's or supplier's legal representative, as such. The amount of such credit memorandum shall be credited against any tax due or to become due under this Act from the distributor or supplier who made the payment for which credit has been given.

Any credit or refund that is allowed under this Section shall bear interest at the rate and in the manner specified in the Uniform Penalty and Interest Act.

In case the distributor or supplier requests and the Department determines that the claimant is entitled to a refund, such refund shall be made only from such appropriation as may be available for that purpose. If it appears unlikely that the amount appropriated would permit everyone having a claim allowed during the period covered by such appropriation to elect to receive a cash refund, the Department, by rule or regulation, shall provide for the payment of refunds in hardship cases and shall define what types of cases qualify as hardship cases.

In any case in which there has been an erroneous refund of

tax or fees payable under this Section, a notice of tax liability may be issued at any time within 3 years from the making of that refund, or within 5 years from the making of that refund if it appears that any part of the refund was induced by fraud or the misrepresentation of material fact. The amount of any proposed assessment set forth by the Department shall be limited to the amount of the erroneous refund.

If no tax is due and no proceeding is pending to determine whether such distributor or supplier is indebted to the Department for tax, the credit memorandum so issued may be assigned and set over by the lawful holder thereof, subject to reasonable rules of the Department, to any other licensed distributor or supplier who is subject to this Act, and the amount thereof applied by the Department against any tax due or to become due under this Act from such assignee.

If the payment for which the distributor's or supplier's claim is filed is held in the protest fund of the State Treasury during the pendency of the claim for credit proceedings pursuant to the order of the court in accordance with Section 2a of the State Officers and Employees Money Disposition Act and if it is determined by the Department or by the final order of a reviewing court under the Administrative Review Law that the claimant is entitled to all or a part of the credit claimed, the claimant, instead of receiving a credit memorandum from the Department, shall receive a cash

refund from the protest fund as provided for in Section 2a of the State Officers and Employees Money Disposition Act.

If any person ceases to be licensed as a distributor or supplier while still holding an unused credit memorandum issued under this Act, such person may, at his election (instead of assigning the credit memorandum to a licensed distributor or licensed supplier under this Act), surrender such unused credit memorandum to the Department and receive a refund of the amount to which such person is entitled.

For claims based upon taxes paid on or before December 31, 2000, a claim based upon the use of undyed diesel fuel shall not be allowed except (i) if allowed under the following paragraph or (ii) for undyed diesel fuel used by a commercial vehicle, as that term is defined in Section 1-111.8 of the Illinois Vehicle Code, for any purpose other than operating the commercial vehicle upon the public highways and unlicensed commercial vehicles operating on private property. Claims shall be limited to commercial vehicles that are operated for both highway purposes and any purposes other than operating such vehicles upon the public highways.

For claims based upon taxes paid on or after January 1, 2000, a claim based upon the use of undyed diesel fuel shall not be allowed except (i) if allowed under the preceding paragraph or (ii) for claims for the following:

(1) Undyed diesel fuel used (i) in a manufacturing process, as defined in Section 2-45 of the Retailers'

Occupation Tax Act, wherein the undyed diesel fuel becomes a component part of a product or by-product, other than fuel or motor fuel, when the use of dyed diesel fuel in that manufacturing process results in a product that is unsuitable for its intended use or (ii) for testing machinery and equipment in a manufacturing process, as defined in Section 2-45 of the Retailers' Occupation Tax Act, wherein the testing takes place on private property.

(2) Undyed diesel fuel used by a manufacturer on private property in the research and development, as defined in Section 1.29, of machinery or equipment intended for manufacture.

(3) Undyed diesel fuel used by a single unit self-propelled agricultural fertilizer implement, designed for on and off road use, equipped with flotation tires and specially adapted for the application of plant food materials or agricultural chemicals.

(4) Undyed diesel fuel used by a commercial motor vehicle for any purpose other than operating the commercial motor vehicle upon the public highways. Claims shall be limited to commercial motor vehicles that are operated for both highway purposes and any purposes other than operating such vehicles upon the public highways.

(5) Undyed diesel fuel used by a unit of local government in its operation of an airport if the undyed diesel fuel is used directly in airport operations on

airport property.

(6) Undyed diesel fuel used by refrigeration units that are permanently mounted to a semitrailer, as defined in Section 1.28 of this Law, wherein the refrigeration units have a fuel supply system dedicated solely for the operation of the refrigeration units.

(7) Undyed diesel fuel used by power take-off equipment as defined in Section 1.27 of this Law.

(8) Beginning on the effective date of this amendatory Act of the 94th General Assembly, undyed diesel fuel used by tugs and spotter equipment to shift vehicles or parcels on both private and airport property. Any claim under this item (8) may be made only by a claimant that owns tugs and spotter equipment and operates that equipment on both private and airport property. The aggregate of all credits or refunds resulting from claims filed under this item (8) by a claimant in any calendar year may not exceed $100,000. A claim may not be made under this item (8) by the same claimant more often than once each quarter. For the purposes of this item (8), "tug" means a vehicle designed for use on airport property that shifts custom-designed containers of parcels from loading docks to aircraft, and "spotter equipment" means a vehicle designed for use on both private and airport property that shifts trailers containing parcels between staging areas and loading docks.

Any person who has paid the tax imposed by Section 2 of this Law upon undyed diesel fuel that is unintentionally mixed with dyed diesel fuel and who owns or controls the mixture of undyed diesel fuel and dyed diesel fuel may file a claim for refund to recover the amount paid. The amount of undyed diesel fuel unintentionally mixed must equal 500 gallons or more. Any claim for refund of unintentionally mixed undyed diesel fuel and dyed diesel fuel shall be supported by documentation showing the date and location of the unintentional mixing, the number of gallons involved, the disposition of the mixed diesel fuel, and any other information that the Department may reasonably require. Any unintentional mixture of undyed diesel fuel and dyed diesel fuel shall be sold or used only for non-highway purposes.

The Department shall promulgate regulations establishing specific limits on the amount of undyed diesel fuel that may be claimed for refund.

For purposes of claims for refund, "loss" means the reduction of motor fuel resulting from fire, theft, spillage, spoilage, leakage, or any other provable cause, but does not include a reduction resulting from evaporation, or shrinkage due to temperature variations. In the case of losses due to fire or theft, the claimant must include fire department or police department reports and any other documentation that the Department may require.

For purposes of claims for refund, "any purpose other than

operating a motor vehicle upon the public highways" refers to the specific purpose for which the motor vehicle was used and does not refer to the specific location where the motor fuel was used. Incidental use of motor fuel on private roads or private highways in the operation of a motor vehicle does not constitute a "purpose other than operating a motor vehicle upon the public highways" and does not form a basis for a claim under this Section. The provisions of this amendatory Act of the 104th General Assembly are declaratory of existing law as to the meaning and scope of this claim for refund.

(Source: P.A. 100-1171, eff. 1-4-19.)

Section 40-10. The Retailers' Occupation Tax Act is amended by changing Section 2a as follows:

(35 ILCS 120/2a) (from Ch. 120, par. 441a)

Sec. 2a. Registration of retailers. It is unlawful for any person to engage in the business of selling, which, on and after January 1, 2025, includes leasing, tangible personal property at retail in this State without a certificate of registration from the Department. Application for a certificate of registration shall be made to the Department upon forms furnished by it. Each such application shall be signed and verified and shall state: (1) the name and social security number of the applicant; (2) the address of his principal place of business; (3) the address of the principal

place of business from which he engages in the business of selling tangible personal property at retail in this State and the addresses of all other places of business, if any (enumerating such addresses, if any, in a separate list attached to and made a part of the application), from which he engages in the business of selling tangible personal property at retail in this State; (4) the name and address of the person or persons who will be responsible for filing returns and payment of taxes due under this Act; (5) in the case of a publicly traded corporation, the name and title of the Chief Financial Officer, Chief Operating Officer, and any other officer or employee with responsibility for preparing tax returns under this Act, and, in the case of all other corporations, the name, title, and social security number of each corporate officer; (6) in the case of a limited liability company, the name, social security number, and FEIN number of each manager and member; and (7) such other information as the Department may reasonably require. The application shall contain an acceptance of responsibility signed by the person or persons who will be responsible for filing returns and payment of the taxes due under this Act. If the applicant will sell tangible personal property at retail through vending machines, his application to register shall indicate the number of vending machines to be so operated. If requested by the Department at any time, that person shall verify the total number of vending machines he or she uses in his or her

business of selling tangible personal property at retail.

The Department shall provide by rule for an expedited business registration process for remote retailers required to register and file under subsection (b) of Section 2 who use a certified service provider to file their returns under this Act. Such expedited registration process shall allow the Department to register a taxpayer based upon the same registration information required by the Streamlined Sales Tax Governing Board for states participating in the Streamlined Sales Tax Project.

The Department may deny a certificate of registration to any applicant if a person who is named as the owner, a partner, a manager or member of a limited liability company, or a corporate officer of the applicant on the application for the certificate of registration is or has been named as the owner, a partner, a manager or member of a limited liability company, or a corporate officer on the application for the certificate of registration of another retailer that (i) is in default for moneys due under this Act or any other tax or fee Act administered by the Department or (ii) fails to file any return, on or before the due date prescribed for filing that return (including any extensions of time granted by the Department), that the retailer is required to file under this Act or any other tax or fee Act administered by the Department. For purposes of this paragraph only, in determining whether a person is in default for moneys due, the Department shall

include only amounts established as a final liability within the 23 years prior to the date of the Department's notice of denial of a certificate of registration.

The Department may require an applicant for a certificate of registration hereunder to, at the time of filing such application, furnish a bond from a surety company authorized to do business in the State of Illinois, or an irrevocable bank letter of credit or a bond signed by 2 personal sureties who have filed, with the Department, sworn statements disclosing net assets equal to at least 3 times the amount of the bond to be required of such applicant, or a bond secured by an assignment of a bank account or certificate of deposit, stocks or bonds, conditioned upon the applicant paying to the State of Illinois all moneys becoming due under this Act and under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the applicant under this Act will permit the applicant to engage in business without registering separately under such other law, ordinance or resolution. In making a determination as to whether to require a bond or other security, the Department shall take into consideration whether the owner, any partner, any manager or member of a limited liability company, or a corporate officer of the applicant is or has been the owner, a partner, a manager or member of a limited liability company, or a corporate officer of another retailer that is in default for moneys due under this Act or

any other tax or fee Act administered by the Department; and whether the owner, any partner, any manager or member of a limited liability company, or a corporate officer of the applicant is or has been the owner, a partner, a manager or member of a limited liability company, or a corporate officer of another retailer whose certificate of registration has been revoked within the previous 5 years under this Act or any other tax or fee Act administered by the Department. If a bond or other security is required, the Department shall fix the amount of the bond or other security, taking into consideration the amount of money expected to become due from the applicant under this Act and under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the applicant under this Act will permit the applicant to engage in business without registering separately under such other law, ordinance, or resolution. The amount of security required by the Department shall be such as, in its opinion, will protect the State of Illinois against failure to pay the amount which may become due from the applicant under this Act and under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the applicant under this Act will permit the applicant to engage in business without registering separately under such other law, ordinance or resolution, but the amount of the security required by the

Department shall not exceed three times the amount of the applicant's average monthly tax liability, or $50,000.00, whichever amount is lower.

No certificate of registration under this Act shall be issued by the Department until the applicant provides the Department with satisfactory security, if required, as herein provided for.

Upon receipt of the application for certificate of registration in proper form, and upon approval by the Department of the security furnished by the applicant, if required, the Department shall issue to such applicant, in the manner and form determined by the Department, a certificate of registration which shall permit the person to whom it is issued to engage in the business of selling tangible personal property at retail in this State. The certificate of registration shall be conspicuously displayed, in the manner and form as the Department may require by rule, at the place of business which the person so registered states in his application to be the principal place of business from which he engages in the business of selling tangible personal property at retail in this State.

No certificate of registration issued prior to July 1, 2017 to a taxpayer who files returns required by this Act on a monthly basis or renewed prior to July 1, 2017 by a taxpayer who files returns required by this Act on a monthly basis shall be valid after the expiration of 5 years from the date of its

issuance or last renewal. No certificate of registration issued on or after July 1, 2017 to a taxpayer who files returns required by this Act on a monthly basis or renewed on or after July 1, 2017 by a taxpayer who files returns required by this Act on a monthly basis shall be valid after the expiration of one year from the date of its issuance or last renewal. The expiration date of a sub-certificate of registration shall be that of the certificate of registration to which the sub-certificate relates. Prior to July 1, 2017, a certificate of registration shall automatically be renewed, subject to revocation as provided by this Act, for an additional 5 years from the date of its expiration unless otherwise notified by the Department as provided by this paragraph. On and after July 1, 2017, a certificate of registration shall automatically be renewed, subject to revocation as provided by this Act, for an additional one year from the date of its expiration unless otherwise notified by the Department as provided by this paragraph.

Where a taxpayer to whom a certificate of registration is issued under this Act is in default to the State of Illinois for delinquent returns or for moneys due under this Act or any other State tax law or municipal or county ordinance administered or enforced by the Department, the Department shall, not less than 60 days before the expiration date of such certificate of registration, give notice to the taxpayer to whom the certificate was issued of the account period of the

delinquent returns, the amount of tax, penalty and interest due and owing from the taxpayer, and that the certificate of registration shall not be automatically renewed upon its expiration date unless the taxpayer, on or before the date of expiration, has filed and paid the delinquent returns or paid the defaulted amount in full. A taxpayer to whom such a notice is issued shall be deemed an applicant for renewal. The Department shall promulgate regulations establishing procedures for taxpayers who file returns on a monthly basis but desire and qualify to change to a quarterly or yearly filing basis and will no longer be subject to renewal under this Section, and for taxpayers who file returns on a yearly or quarterly basis but who desire or are required to change to a monthly filing basis and will be subject to renewal under this Section.

The Department may in its discretion approve renewal by an applicant who is in default if, at the time of application for renewal, the applicant files all of the delinquent returns or pays to the Department such percentage of the defaulted amount as may be determined by the Department and agrees in writing to waive all limitations upon the Department for collection of the remaining defaulted amount to the Department over a period not to exceed 5 years from the date of renewal of the certificate; however, no renewal application submitted by an applicant who is in default shall be approved if the immediately preceding renewal by the applicant was conditioned

upon the installment payment agreement described in this Section. The payment agreement herein provided for shall be in addition to and not in lieu of the security that may be required by this Section of a taxpayer who is no longer considered a prior continuous compliance taxpayer. The execution of the payment agreement as provided in this Act shall not toll the accrual of interest at the statutory rate.

The Department may suspend a certificate of registration if the Department finds that the person to whom the certificate of registration has been issued knowingly sold contraband cigarettes.

A certificate of registration issued under this Act more than 5 years before January 1, 1990 (the effective date of Public Act 86-383) shall expire and be subject to the renewal provisions of this Section on the next anniversary of the date of issuance of such certificate which occurs more than 6 months after January 1, 1990 (the effective date of Public Act 86-383). A certificate of registration issued less than 5 years before January 1, 1990 (the effective date of Public Act 86-383) shall expire and be subject to the renewal provisions of this Section on the 5th anniversary of the issuance of the certificate.

If the person so registered states that he operates other places of business from which he engages in the business of selling tangible personal property at retail in this State, the Department shall furnish him with a sub-certificate of

registration for each such place of business, and the applicant shall display the appropriate sub-certificate of registration at each such place of business. All sub-certificates of registration shall bear the same registration number as that appearing upon the certificate of registration to which such sub-certificates relate.

If the applicant will sell tangible personal property at retail through vending machines, the Department shall furnish him with a sub-certificate of registration for each such vending machine, and the applicant shall display the appropriate sub-certificate of registration on each such vending machine by attaching the sub-certificate of registration to a conspicuous part of such vending machine. If a person who is registered to sell tangible personal property at retail through vending machines adds an additional vending machine or additional vending machines to the number of vending machines he or she uses in his or her business of selling tangible personal property at retail, he or she shall notify the Department, on a form prescribed by the Department, to request an additional sub-certificate or additional sub-certificates of registration, as applicable. With each such request, the applicant shall report the number of sub-certificates of registration he or she is requesting as well as the total number of vending machines from which he or she makes retail sales.

Where the same person engages in 2 or more businesses of

selling tangible personal property at retail in this State, which businesses are substantially different in character or engaged in under different trade names or engaged in under other substantially dissimilar circumstances (so that it is more practicable, from an accounting, auditing or bookkeeping standpoint, for such businesses to be separately registered), the Department may require or permit such person (subject to the same requirements concerning the furnishing of security as those that are provided for hereinbefore in this Section as to each application for a certificate of registration) to apply for and obtain a separate certificate of registration for each such business or for any of such businesses, under a single certificate of registration supplemented by related sub-certificates of registration.

Any person who is registered under the Retailers' Occupation Tax Act as of March 8, 1963, and who, during the 3-year period immediately prior to March 8, 1963, or during a continuous 3-year period part of which passed immediately before and the remainder of which passes immediately after March 8, 1963, has been so registered continuously and who is determined by the Department not to have been either delinquent or deficient in the payment of tax liability during that period under this Act or under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the registrant under this Act will permit the registrant to engage

in business without registering separately under such other law, ordinance or resolution, shall be considered to be a Prior Continuous Compliance taxpayer. Also any taxpayer who has, as verified by the Department, faithfully and continuously complied with the condition of his bond or other security under the provisions of this Act for a period of 3 consecutive years shall be considered to be a Prior Continuous Compliance taxpayer.

Every Prior Continuous Compliance taxpayer shall be exempt from all requirements under this Act concerning the furnishing of a bond or other security as a condition precedent to his being authorized to engage in the business of selling tangible personal property at retail in this State. This exemption shall continue for each such taxpayer until such time as he may be determined by the Department to be delinquent in the filing of any returns, or is determined by the Department (either through the Department's issuance of a final assessment which has become final under the Act, or by the taxpayer's filing of a return which admits tax that is not paid to be due) to be delinquent or deficient in the paying of any tax under this Act or under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the registrant under this Act will permit the registrant to engage in business without registering separately under such other law, ordinance or resolution, at which time that taxpayer shall become subject

to all the financial responsibility requirements of this Act and, as a condition of being allowed to continue to engage in the business of selling tangible personal property at retail, may be required to post bond or other acceptable security with the Department covering liability which such taxpayer may thereafter incur. Any taxpayer who fails to pay an admitted or established liability under this Act may also be required to post bond or other acceptable security with this Department guaranteeing the payment of such admitted or established liability.

No certificate of registration shall be issued to any person who is in default to the State of Illinois for moneys due under this Act or under any other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration that is issued to the applicant under this Act will permit the applicant to engage in business without registering separately under such other law, ordinance or resolution.

Any person aggrieved by any decision of the Department under this Section may, within 20 days after notice of such decision, protest and request a hearing, whereupon the Department shall give notice to such person of the time and place fixed for such hearing and shall hold a hearing in conformity with the provisions of this Act and then issue its final administrative decision in the matter to such person. In the absence of such a protest within 20 days, the Department's

decision shall become final without any further determination being made or notice given.

With respect to security other than bonds (upon which the Department may sue in the event of a forfeiture), if the taxpayer fails to pay, when due, any amount whose payment such security guarantees, the Department shall, after such liability is admitted by the taxpayer or established by the Department through the issuance of a final assessment that has become final under the law, convert the security which that taxpayer has furnished into money for the State, after first giving the taxpayer at least 10 days' written notice, by registered or certified mail, to pay the liability or forfeit such security to the Department. If the security consists of stocks or bonds or other securities which are listed on a public exchange, the Department shall sell such securities through such public exchange. If the security consists of an irrevocable bank letter of credit, the Department shall convert the security in the manner provided for in the Uniform Commercial Code. If the security consists of a bank certificate of deposit, the Department shall convert the security into money by demanding and collecting the amount of such bank certificate of deposit from the bank which issued such certificate. If the security consists of a type of stocks or other securities which are not listed on a public exchange, the Department shall sell such security to the highest and best bidder after giving at least 10 days' notice of the date,

time and place of the intended sale by publication in the "State Official Newspaper". If the Department realizes more than the amount of such liability from the security, plus the expenses incurred by the Department in converting the security into money, the Department shall pay such excess to the taxpayer who furnished such security, and the balance shall be paid into the State Treasury.

The Department shall discharge any surety and shall release and return any security deposited, assigned, pledged or otherwise provided to it by a taxpayer under this Section within 30 days after:

(1) such taxpayer becomes a Prior Continuous Compliance taxpayer; or

(2) such taxpayer has ceased to collect receipts on which he is required to remit tax to the Department, has filed a final tax return, and has paid to the Department an amount sufficient to discharge his remaining tax liability, as determined by the Department, under this Act and under every other State tax law or municipal or county tax ordinance or resolution under which the certificate of registration issued under this Act permits the registrant to engage in business without registering separately under such other law, ordinance or resolution. The Department shall make a final determination of the taxpayer's outstanding tax liability as expeditiously as possible after his final tax return has been filed; if the

Department cannot make such final determination within 45 days after receiving the final tax return, within such period it shall so notify the taxpayer, stating its reasons therefor.

(Source: P.A. 102-40, eff. 6-25-21; 103-319, eff. 1-1-24; 103-592, eff. 1-1-25.)

Section 40-15. The Cigarette Machine Operators' Occupation Tax Act is amended by changing Section 1-40 as follows:

(35 ILCS 128/1-40)

Sec. 1-40. Returns.

(a) Cigarette machine operators shall file a return and remit the tax imposed by Section 1-10 by the 15th day of each month covering the preceding calendar month. Each such return shall show: the quantity of cigarettes made or fabricated during the period covered by the return; the beginning and ending meter reading for each cigarette machine for the period covered by the return; the quantity of such cigarettes sold or otherwise disposed of during the period covered by the return; the brand family and manufacturer and quantity of tobacco products used to make or fabricate cigarettes by use of a cigarette machine; the license number of each distributor from whom tobacco products are purchased; the type and quantity of cigarette tubes purchased for use in a cigarette machine; the type and quantity of cigarette tubes used in a cigarette

machine; and such other information as the Department may require. All returns and supporting schedules required to be filed under this Section and all payments required to be made under this Section shall be by electronic means in the form prescribed by the Department. ~~Such returns shall be filed on forms prescribed and furnished by the Department. The Department may promulgate rules to require that the cigarette machine operator's return be accompanied by appropriate computer-generated magnetic media supporting schedule data in the format required by the Department, unless, as provided by rule, the Department grants an exception upon petition of a cigarette machine operator.~~

Cigarette machine operators shall send a copy of those returns, together with supporting schedule data, to the Attorney General's Office by the 15th day of each month for the period covering the preceding calendar month.

(b) Cigarette machine operators may take a credit against any tax due under Section 1-10 of this Act for taxes imposed and paid under the Tobacco Products Tax Act of 1995 on tobacco products sold to a customer and used in a rolling machine located at the cigarette machine operator's place of business. To be eligible for such credit, the tobacco product must meet the requirements of subsection (a) of Section 1-25 of this Act. This subsection (b) is exempt from the provisions of Section 1-155 of this Act.

(c) If any payment provided for in this Section exceeds

the cigarette machine operator's liabilities under this Act, as shown on an original return, the cigarette machine operator may credit such excess payment against liability subsequently to be remitted to the Department under this Act, in accordance with reasonable rules adopted by the Department.

(Source: P.A. 100-1171, eff. 1-4-19.)

Section 40-20. The Cigarette Tax Act is amended by changing Sections 4b, 9, 9e, and 9f as follows:

(35 ILCS 130/4b) (from Ch. 120, par. 453.4b)

Sec. 4b. (a) The Department may, in its discretion, upon application, issue permits authorizing the payment of the tax herein imposed by out-of-State cigarette manufacturers who are not required to be licensed as distributors of cigarettes in this State, but who elect to qualify under this Act as distributors of cigarettes in this State, and who, to the satisfaction of the Department, furnish adequate security to insure payment of the tax, provided that any such permit shall extend only to cigarettes which such permittee manufacturer places in original packages that are contained inside a sealed transparent wrapper. Such permits shall be issued without charge in such form as the Department may prescribe and shall not be transferable or assignable.

The following are ineligible to receive a distributor's permit under this subsection:

(1) a person who is not of good character and reputation in the community in which he resides; the Department may consider past conviction of a felony but the conviction shall not operate as an absolute bar to receiving a permit;

(2) a person who has been convicted of a felony under any Federal or State law, if the Department, after investigation and a hearing and consideration of mitigating factors and evidence of rehabilitation contained in the applicant's record, including those in Section 4i of this Act, determines that such person has not been sufficiently rehabilitated to warrant the public trust and the conviction will impair the ability of the person to engage in the position for which a permit is sought;

(3) a corporation, if any officer, manager or director thereof, or any stockholder or stockholders owning in the aggregate more than 5% of the stock of such corporation, would not be eligible to receive a permit under this Act for any reason.

With respect to cigarettes which come within the scope of such a permit and which any such permittee delivers or causes to be delivered in Illinois to licensed distributors, such permittee shall remit the tax imposed by this Act at the times provided for in Section 3 of this Act. Each such remittance shall be accompanied by a return filed with the Department on a

form to be prescribed and furnished by the Department and shall disclose such information as the Department may lawfully require. Information that the Department may lawfully require includes information related to the uniform regulation and taxation of cigarettes. All returns and supporting schedules required to be filed under this Section and all payments required to be made under this Section shall be by electronic means in the form prescribed by the Department. ~~The Department may promulgate rules to require that the permittee's return be accompanied by appropriate computer-generated magnetic media supporting schedule data in the format prescribed by the Department, unless, as provided by rule, the Department grants an exception upon petition of the permittee.~~ Each such return shall be accompanied by a copy of each invoice rendered by the permittee to any licensed distributor to whom the permittee delivered cigarettes of the type covered by the permit (or caused cigarettes of the type covered by the permit to be delivered) in Illinois during the period covered by such return.

Such permit may be suspended, canceled or revoked when, at any time, the Department considers that the security given is inadequate, or that such tax can more effectively be collected from distributors located in this State, or whenever the permittee violates any provision of this Act or any lawful rule or regulation issued by the Department pursuant to this Act or is determined to be ineligible for a distributor's

permit under this Act as provided in this Section, whenever the permittee shall notify the Department in writing of his desire to have the permit canceled. The Department shall have the power, in its discretion, to issue a new permit after such suspension, cancellation or revocation, except when the person who would receive the permit is ineligible to receive a distributor's permit under this Act.

All permits issued by the Department under this Act shall be valid for not to exceed one year after issuance unless sooner revoked, canceled or suspended as in this Act provided.

(b) Out-of-state cigarette manufacturers who are not required to be licensed as distributors of cigarettes in this State and who do not elect to obtain approval under subsection 4b(a) to pay the tax imposed by this Act, but who elect to qualify under this Act as distributors of cigarettes in this State for purposes of shipping and delivering unstamped original packages of cigarettes into this State to licensed distributors, shall obtain a permit from the Department. These permits shall be issued without charge in such form as the Department may prescribe and shall not be transferable or assignable.

The following are ineligible to receive a distributor's permit under this subsection:

(1) a person who is not of good character and reputation in the community in which he or she resides; the Department may consider past conviction of a felony

but the conviction shall not operate as an absolute bar to receiving a permit;

(2) a person who has been convicted of a felony under any federal or State law, if the Department, after investigation and a hearing and consideration of mitigating factors and evidence of rehabilitation contained in the applicant's record, including those set forth in Section 4i of this Act, determines that the person has not been sufficiently rehabilitated to warrant the public trust and the conviction will impair the ability of the person to engage in the position for which a permit is sought; and

(3) a corporation, if any officer, manager, or director thereof, or any stockholder or stockholders owning in the aggregate more than 5% of the stock of the corporation, would not be eligible to receive a permit under this Act for any reason.

With respect to original packages of cigarettes that such permittee delivers or causes to be delivered in Illinois and distributes to the public for promotional purposes without consideration, the permittee shall pay the tax imposed by this Act by remitting the amount thereof to the Department by the 5th day of each month covering cigarettes shipped or otherwise delivered in Illinois for those purposes during the preceding calendar month. The permittee, before delivering those cigarettes or causing those cigarettes to be delivered in this

State, shall evidence his or her obligation to remit the taxes due with respect to those cigarettes by imprinting language to be prescribed by the Department on each original package of cigarettes, in such place thereon and in such manner also to be prescribed by the Department. The imprinted language shall acknowledge the permittee's payment of or liability for the tax imposed by this Act with respect to the distribution of those cigarettes.

With respect to cigarettes that the permittee delivers or causes to be delivered in Illinois to Illinois licensed distributors or distributed to the public for promotional purposes, the permittee shall, by the 5th day of each month, file with the Department, a report covering cigarettes shipped or otherwise delivered in Illinois to licensed distributors or distributed to the public for promotional purposes during the preceding calendar month on a form to be prescribed and furnished by the Department and shall disclose such other information as the Department may lawfully require. Information that the Department may lawfully require includes information related to the uniform regulation and taxation of cigarettes. All reports and supporting schedules required to be filed under this Section shall be filed electronically in the form prescribed by the Department. ~~The Department may promulgate rules to require that the permittee's report be accompanied by appropriate computer generated magnetic media supporting schedule data in the format prescribed by the~~

~~Department, unless, as provided by rule, the Department grants an exception upon petition of the permittee.~~ Each such report shall be accompanied by a copy of each invoice rendered by the permittee to any purchaser to whom the permittee delivered cigarettes of the type covered by the permit (or caused cigarettes of the type covered by the permit to be delivered) in Illinois during the period covered by such report.

Such permit may be suspended, canceled, or revoked whenever the permittee violates any provision of this Act or any lawful rule or regulation issued by the Department pursuant to this Act, is determined to be ineligible for a distributor's permit under this Act as provided in this Section, or notifies the Department in writing of his or her desire to have the permit canceled. The Department shall have the power, in its discretion, to issue a new permit after such suspension, cancellation, or revocation, except when the person who would receive the permit is ineligible to receive a distributor's permit under this Act.

All permits issued by the Department under this Act shall be valid for a period not to exceed one year after issuance unless sooner revoked, canceled, or suspended as provided in this Act.

(Source: P.A. 103-592, eff. 1-1-25.)

(35 ILCS 130/9) (from Ch. 120, par. 453.9)

Sec. 9. Returns; remittance. Every distributor who is

required to procure a license under this Act, but who is not a manufacturer of cigarettes in original packages which are contained in a sealed transparent wrapper, shall, on or before the 15th day of each calendar month, file a return with the Department, showing the quantity of cigarettes manufactured during the preceding calendar month, the quantity of cigarettes brought into this State or caused to be brought into this State from outside this State during the preceding calendar month without authorized evidence on the original packages of such cigarettes underneath the sealed transparent wrapper thereof that the tax liability imposed by this Act has been assumed by the out-of-State seller of such cigarettes, the quantity of cigarettes purchased tax-paid during the preceding calendar month either within or outside this State, the quantity of cigarettes sold by manufacturer representatives on behalf of the distributor, the quantity of cigarettes sold to manufacturer representatives, and the quantity of cigarettes sold or otherwise disposed of during the preceding calendar month. Such return shall be filed upon forms furnished and prescribed by the Department and shall contain such other information as the Department may reasonably require. Information that the Department may reasonably require includes information related to the uniform regulation and taxation of cigarettes. All returns and supporting schedules required to be filed under this Section and all payments required to be made under this Section shall

be by electronic means in the form prescribed by the Department. ~~The Department may promulgate rules to require that the distributor's return be accompanied by appropriate computer-generated magnetic media supporting schedule data in the format required by the Department, unless, as provided by rule, the Department grants an exception upon petition of a distributor.~~

Illinois manufacturers of cigarettes in original packages which are contained inside a sealed transparent wrapper shall file a return by the 5th day of each month covering the preceding calendar month. Each such return shall be accompanied by the appropriate remittance for tax as provided in Section 3 of this Act. Each such return shall show the quantity of such cigarettes manufactured during the period covered by the return, the quantity of cigarettes sold or otherwise disposed of during the period covered by the return and such other information as the Department may lawfully require. Information that the Department may lawfully require includes information related to the uniform regulation and taxation of cigarettes. All returns and supporting schedules required to be filed under this Section and all payments required to be made under this Section shall be by electronic means in the form prescribed ~~Such returns shall be filed on forms prescribed and furnished~~ by the Department. Each such return shall be accompanied by a copy of each invoice rendered by such manufacturer to any purchaser to whom such

manufacturer delivered cigarettes (or caused cigarettes to be delivered) during the period covered by the return. ~~The Department may promulgate rules to require that the manufacturer's return be accompanied by appropriate computer generated magnetic media supporting schedule data in the format required by the Department, unless, as provided by rule, the Department grants an exception upon petition of a manufacturer.~~

(Source: P.A. 103-592, eff. 1-1-25.)

(35 ILCS 130/9e)

Sec. 9e. Secondary distributors; reports. Every secondary distributor who is required to procure a license under this Act shall, on or before the 15th day of each calendar month, file a report with the Department, showing the quantity of cigarettes purchased during the preceding calendar month either within or outside this State, and the quantity of cigarettes sold to retailers or otherwise disposed of during the preceding calendar month. Such reports shall be filed electronically in such form prescribed by the Department and shall contain such other information as the Department may reasonably require. Information that the Department may reasonably require includes information related to the uniform regulation and taxation of cigarettes. ~~The secondary distributor's report shall be accompanied by appropriate computer generated magnetic media supporting schedule data in~~

~~the format required by the Department, unless, as provided by rule, the Department grants an exception upon petition of a secondary distributor.~~

A certification by the Director of the Department that a report has not been filed, or that information has not been supplied pursuant to the provisions of this Act, shall be prima facie evidence thereof.

(Source: P.A. 103-592, eff. 1-1-25.)

(35 ILCS 130/9f)

Sec. 9f. Manufacturer representatives; reports. Every manufacturer with authority to maintain manufacturer representatives as defined by Section 4f of this Act shall, on or before the 15th day of each calendar month, file a report with the Department, showing the quantity of cigarettes purchased from licensed distributors during the preceding calendar month, either within or outside this State, and the quantity of cigarettes sold to retailers or otherwise disposed of during the preceding calendar month. Such reports shall be filed in the form prescribed by the Department and shall contain such other information as the Department may reasonably require. Information that the Department may reasonably require includes information related to the uniform regulation and taxation of cigarettes. The report and supporting schedules shall be filed electronically in the form prescribed by the Department ~~and be accompanied by appropriate~~

~~computer generated magnetic media supporting schedule data in the format required by the Department, unless, as provided by rule, the Department grants an exception upon petition of a manufacturer with authority to maintain manufacturer representatives in this State~~.

A certification by the Director of the Department that a report has not been filed, or that information has not been supplied pursuant to the provisions of this Act, shall be prima facie evidence thereof.

(Source: P.A. 103-592, eff. 1-1-25.)

Section 40-25. The Cigarette Use Tax Act is amended by changing Sections 11, 11a, and 12 as follows:

(35 ILCS 135/11) (from Ch. 120, par. 453.41)

Sec. 11. Return by distributor or manufacturer. Every distributor, who is required or authorized to collect tax under this Act, but who is not a manufacturer of cigarettes in original packages which are contained in a sealed transparent wrapper, shall, on or before the 15th day of each calendar month, file a return with the Department, showing such information as the Department may reasonably require. Information that the Department may reasonably require includes information related to the uniform regulation and taxation of cigarettes. <u>All returns and supporting schedules required to be filed under this Section shall be filed</u>

electronically in the form prescribed by the Department. ~~The Department may promulgate rules to require that the distributor's return be accompanied by appropriate computer-generated magnetic media supporting schedule data in the format required by the Department, unless, as provided by rule, the Department grants an exception upon petition of a distributor.~~

Illinois manufacturers of cigarettes in original packages which are contained inside a sealed transparent wrapper shall file a return by the 5th day of each month covering the preceding calendar month. Each such return shall be accompanied by the appropriate remittance for tax as provided in Section 3 of this Act. Each such return shall disclose such information as the Department may lawfully require. Information that the Department may lawfully require includes information related to the uniform regulation and taxation of cigarettes. All returns and supporting schedules required to be filed under this Section and all payments required to be made under this Section shall be by electronic means in the form prescribed by the Department. Each such return shall be accompanied by a copy of each invoice rendered by such manufacturer to any purchaser to whom such manufacturer delivered cigarettes (or caused cigarettes to be delivered) during the period covered by the return. ~~The Department may promulgate rules to require that the manufacturer's return be accompanied by appropriate computer generated magnetic media~~

~~supporting schedule data in the format required by the Department, unless, as provided by rule, the Department grants an exception upon petition of a manufacturer.~~

No distributor shall be required to return information to the extent to which the reporting of such information would be a duplication of such distributor's reporting of information in any return which he is required to file with the Department under the Cigarette Tax Act. ~~Returns shall be filed on forms prescribed by the Department.~~

(Source: P.A. 103-592, eff. 1-1-25.)

(35 ILCS 135/11a)

Sec. 11a. Secondary distributors; reports. Every secondary distributor who is required to procure, or is authorized to procure, a license under this Act shall, on or before the 15th day of each calendar month, file a report with the Department, showing the quantity of cigarettes purchased during the preceding calendar month either within or outside this State, and the quantity of cigarettes sold to Illinois retailers or otherwise disposed of during the preceding calendar month. Such reports shall be filed electronically in such form prescribed by the Department and shall contain such other information as the Department may reasonably require. Information that the Department may reasonably require includes information related to the uniform regulation and taxation of cigarettes. ~~The secondary distributor's report~~

~~shall be accompanied by appropriate computer generated magnetic media supporting schedule data in the format required by the Department, unless, as provided by rule, the Department grants an exception upon petition of a secondary distributor.~~

A certification by the Director of the Department that a report has not been filed, or that information has not been supplied pursuant to the provisions of this Act, shall be prima facie evidence thereof.

(Source: P.A. 103-592, eff. 1-1-25.)

(35 ILCS 135/12) (from Ch. 120, par. 453.42)

Sec. 12. Declaration of possession of cigarettes on which tax not paid.

(a) When cigarettes are acquired for use in this State by a person (including a distributor as well as any other person), who did not pay the tax herein imposed to a distributor, the person, within 30 days after acquiring the cigarettes, shall file with the Department a return declaring the possession of the cigarettes and shall transmit with the return to the Department the tax imposed by this Act. <u>All returns and supporting schedules required to be filed under this Section and all payments required to be made under this Section shall be by electronic means in the form prescribed by the Department.</u>

(b) On receipt of the return and payment of the tax as required by paragraph (a), the Department may furnish the

person with a suitable tax stamp to be affixed to the package of cigarettes upon which the tax has been paid if the Department determines that the cigarettes still exist.

(c) The return referred to in paragraph (a) shall contain the name and address of the person possessing the cigarettes involved, the location of the cigarettes and the quantity, brand name, place, and date of the acquisition of the cigarettes.

(d) Nothing in this Section shall permit a secondary distributor to purchase unstamped original packages of cigarettes or to purchase original packages of cigarettes from a person other than a licensed distributor.

(e) Any distributor who violates this Section is liable to pay to the Department, for deposit in the Tax Compliance and Administration Fund, a penalty of $1,000 for the first violation and $3,000 for any subsequent violation. The Department may adopt rules to administer the penalties under this Section. The Department may, in addition to the penalties imposed by this Section, and any other civil or criminal penalties provided for in this Act, assess tax, penalty, and interest on the original packages of cigarettes.

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

Section 40-30. The Tobacco Products Tax Act of 1995 is amended by changing Section 10-30 as follows:

(35 ILCS 143/10-30)

Sec. 10-30. Returns.

(a) Every distributor shall, on or before the 15th day of each month, file a return with the Department covering the preceding calendar month. The return shall disclose the wholesale price for all tobacco products other than moist snuff and the quantity in ounces of moist snuff sold or otherwise disposed of and other information that the Department may reasonably require. Information that the Department may reasonably require includes information related to the uniform regulation and taxation of tobacco products. ~~The return shall be filed upon a form prescribed and furnished by the Department.~~

(b) In addition to the information required under subsection (a), on or before the 15th day of each month, covering the preceding calendar month, each stamping distributor shall~~, on forms prescribed and furnished by the Department,~~ report the quantity of little cigars sold or otherwise disposed of, including the number of packages of little cigars sold or disposed of during the month containing 20 or 25 little cigars.

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

(d) All returns and supporting schedules required to be filed under this Section and all payments required to be made under this Section shall be by electronic means in the form prescribed by the Department. ~~The Department may adopt rules to require the electronic filing of any return or document required to be filed under this Act. Those rules may provide for exceptions from the filing requirement set forth in this paragraph for persons who demonstrate that they do not have access to the Internet and petition the Department to waive the electronic filing requirement.~~

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

(Source: P.A. 103-592, eff. 1-1-25.)

ARTICLE 47

Section 47-1. Short title. This Article may be cited as the American Hostage Tax Liability Postponement Act. References in this Article to "this Act" mean this Article.

Section 47-5. Definition. As used in this Act, "person" means an individual who is: (i) a United States national who

has been unlawfully or wrongfully detained abroad, as determined under 22 U.S.C. 1741; or (ii) a United States national who has been taken hostage abroad, as determined pursuant to the findings of the Hostage Recovery Fusion Cell, as described in 22 U.S.C. 1741b.

Section 47-10. Tax liability postponed.

(a) During the period during which a person was unlawfully or wrongfully detained abroad or held hostage abroad, any tax liability of that person shall be postponed until 90 days after the person is no longer unlawfully or wrongfully detained or held hostage abroad. The person shall be exempt from paying any interest or penalty that accrues while the tax liability is postponed. Notwithstanding any provision of law to the contrary, property owned by such a person shall not be sold for taxes pursuant to Section 21-205 of the Property Tax Code during the period that the tax liability is postponed.

(b) The provisions of subsection (a) of this Section shall also apply to the spouse of any person who is entitled to the benefits under subsection (a)

Section 47-15. Applicability. The provisions of this Act apply to any tax liability owed to the State or any unit of local government including, but not limited to, any tax liability owed under the Illinois Income Tax Act or the Property Tax Code.

Section 47-20. Rules. The Department of Revenue may adopt rules to implement this Act.

Section 47-25. Local implementation. The corporate authorities of any unit of local government may adopt any ordinance or resolution necessary to implement this Act. County treasurers may adopt any rule or policy necessary to implement this Act.

Section 47-30. Home rule preemption. This Act is a denial and limitation of home rule powers and functions in accordance with subsection (i) of Section 6 of Article VII of the Illinois Constitution. A home rule unit may not impose any tax liability, or any interest or penalty thereof, inconsistent with this Act.

Section 47-35. Act to be liberally construed. This Act and the rules adopted under this Act shall be liberally construed to the end that tax liabilities of applicable individuals shall be postponed and no interest or penalty shall be accrued during the period that a person was unlawfully or wrongfully detained abroad or held hostage abroad.

Section 47-40. Severability. If a provision of this Act or its application to a person or circumstance is held invalid,

the invalidity does not affect another provision or application that can be given effect without the invalid provision.

ARTICLE 50

Section 50-905. The Illinois Finance Authority Act is amended by changing Sections 801-10, 801-40, and 850-10 as follows:

(20 ILCS 3501/801-10)

Sec. 801-10. Definitions. The following terms, whenever used or referred to in this Act, shall have the following meanings, except in such instances where the context may clearly indicate otherwise:

(a) The term "Authority" means the Illinois Finance Authority created by this Act.

(b) The term "project" means an industrial project, clean energy project, conservation project, housing project, public purpose project, higher education project, health facility project, cultural institution project, municipal bond program project, PACE Project, agricultural facility or agribusiness, and "project" may include any combination of one or more of the foregoing undertaken jointly by any person with one or more other persons.

(c) The term "public purpose project" means (i) any

project or facility, including without limitation land, buildings, structures, machinery, equipment and all other real and personal property, which is authorized or required by law to be acquired, constructed, improved, rehabilitated, reconstructed, replaced or maintained by any unit of government or any other lawful public purpose, including provision of working capital, which is authorized or required by law to be undertaken by any unit of government or (ii) costs incurred and other expenditures, including expenditures for management, investment, or working capital costs, incurred in connection with the reform, consolidation, or implementation of the transition process as described in Articles 22B and 22C of the Illinois Pension Code.

(d) The term "industrial project" means the acquisition, construction, refurbishment, creation, development or redevelopment of any facility, equipment, machinery, real property or personal property for use by any instrumentality of the State or its political subdivisions, for use by any person or institution, public or private, for profit or not for profit, or for use in any trade or business, including, but not limited to, any industrial, manufacturing, clean energy, or commercial enterprise that is located within or outside the State, provided that, with respect to a project involving property located outside the State, the property must be owned, operated, leased or managed by an entity located within the State or an entity affiliated with an entity located

within the State, and which is (1) a capital project or clean energy project, including, but not limited to: (i) land and any rights therein, one or more buildings, structures or other improvements, machinery and equipment, whether now existing or hereafter acquired, and whether or not located on the same site or sites; (ii) all appurtenances and facilities incidental to the foregoing, including, but not limited to, utilities, access roads, railroad sidings, track, docking and similar facilities, parking facilities, dockage, wharfage, railroad roadbed, track, trestle, depot, terminal, switching and signaling or related equipment, site preparation and landscaping; and (iii) all non-capital costs and expenses relating thereto or (2) any addition to, renovation, rehabilitation or improvement of a capital project or a clean energy project, or (3) any activity or undertaking within or outside the State, provided that, with respect to a project involving property located outside the State, the property must be owned, operated, leased or managed by an entity located within the State or an entity affiliated with an entity located within the State, which the Authority determines will aid, assist or encourage economic growth, development or redevelopment within the State or any area thereof, will promote the expansion, retention or diversification of employment opportunities within the State or any area thereof or will aid in stabilizing or developing any industry or economic sector of the State economy. The term

"industrial project" also means the production of motion pictures.

(e) The term "bond" or "bonds" shall include bonds, notes (including bond, grant or revenue anticipation notes), certificates and/or other evidences of indebtedness representing an obligation to pay money, including refunding bonds.

(f) The terms "lease agreement" and "loan agreement" shall mean: (i) an agreement whereby a project acquired by the Authority by purchase, gift or lease is leased to any person, corporation or unit of local government which will use or cause the project to be used as a project as heretofore defined upon terms providing for lease rental payments at least sufficient to pay when due all principal of, interest and premium, if any, on any bonds of the Authority issued with respect to such project, providing for the maintenance, insuring and operation of the project on terms satisfactory to the Authority, providing for disposition of the project upon termination of the lease term, including purchase options or abandonment of the premises, and such other terms as may be deemed desirable by the Authority, ~~or~~ (ii) any agreement pursuant to which the Authority agrees to loan the proceeds of its bonds issued with respect to a project or other funds of the Authority to any person which will use or cause the project to be used as a project as heretofore defined or for any other lawful purpose upon terms providing for loan repayment

installments at least sufficient to pay when due all principal of, interest and premium, if any, on any bonds of the Authority, if any, issued with respect to the project or for any other lawful purpose, and providing for maintenance, insurance and other matters as may be deemed desirable by the Authority, or (iii) any financing or refinancing agreement entered into by the Authority under subsection (aa) of Section 801-40.

(g) The term "financial aid" means the expenditure of Authority funds or funds provided by the Authority through the issuance of its bonds, notes or other evidences of indebtedness or from other sources for the development, construction, acquisition or improvement of a project.

(h) The term "person" means an individual, corporation, unit of government, business trust, estate, trust, partnership or association, 2 or more persons having a joint or common interest, or any other legal entity.

(i) The term "unit of government" means the federal government, the State or unit of local government, a school district, or any agency or instrumentality, office, officer, department, division, bureau, commission, college or university thereof.

(j) The term "health facility" means: (a) any public or private institution, place, building, or agency required to be licensed under the Hospital Licensing Act; (b) any public or private institution, place, building, or agency required to be

licensed under the Nursing Home Care Act, the Specialized Mental Health Rehabilitation Act of 2013, the ID/DD Community Care Act, or the MC/DD Act; (c) any public or licensed private hospital as defined in the Mental Health and Developmental Disabilities Code; (d) any such facility exempted from such licensure when the Director of Public Health attests that such exempted facility meets the statutory definition of a facility subject to licensure; (e) any other public or private health service institution, place, building, or agency which the Director of Public Health attests is subject to certification by the Secretary, U.S. Department of Health and Human Services under the Social Security Act, as now or hereafter amended, or which the Director of Public Health attests is subject to standard-setting by a recognized public or voluntary accrediting or standard-setting agency; (f) any public or private institution, place, building or agency engaged in providing one or more supporting services to a health facility; (g) any public or private institution, place, building or agency engaged in providing training in the healing arts, including, but not limited to, schools of medicine, dentistry, osteopathy, optometry, podiatry, pharmacy or nursing, schools for the training of x-ray, laboratory or other health care technicians and schools for the training of para-professionals in the health care field; (h) any public or private congregate, life or extended care or elderly housing facility or any public or private home for the aged or infirm,

including, without limitation, any Facility as defined in the Life Care Facilities Act; (i) any public or private mental, emotional or physical rehabilitation facility or any public or private educational, counseling, or rehabilitation facility or home, for those persons with a developmental disability, those who are physically ill or disabled, the emotionally disturbed, those persons with a mental illness or persons with learning or similar disabilities or problems; (j) any public or private alcohol, drug or substance abuse diagnosis, counseling treatment or rehabilitation facility, (k) any public or private institution, place, building or agency licensed by the Department of Children and Family Services or which is not so licensed but which the Director of Children and Family Services attests provides child care, child welfare or other services of the type provided by facilities subject to such licensure; (l) any public or private adoption agency or facility; and (m) any public or private blood bank or blood center. "Health facility" also means a public or private structure or structures suitable primarily for use as a laboratory, laundry, nurses or interns residence or other housing or hotel facility used in whole or in part for staff, employees or students and their families, patients or relatives of patients admitted for treatment or care in a health facility, or persons conducting business with a health facility, physician's facility, surgicenter, administration building, research facility, maintenance, storage or utility

facility and all structures or facilities related to any of the foregoing or required or useful for the operation of a health facility, including parking or other facilities or other supporting service structures required or useful for the orderly conduct of such health facility. "Health facility" also means, with respect to a project located outside the State, any public or private institution, place, building, or agency which provides services similar to those described above, provided that such project is owned, operated, leased or managed by a participating health institution located within the State, or a participating health institution affiliated with an entity located within the State.

(k) The term "participating health institution" means (i) a private corporation or association or (ii) a public entity of this State, in either case authorized by the laws of this State or the applicable state to provide or operate a health facility as defined in this Act and which, pursuant to the provisions of this Act, undertakes the financing, construction or acquisition of a project or undertakes the refunding or refinancing of obligations, loans, indebtedness or advances as provided in this Act.

(l) The term "health facility project", means a specific health facility work or improvement to be financed or refinanced (including without limitation through reimbursement of prior expenditures), acquired, constructed, enlarged, remodeled, renovated, improved, furnished, or equipped, with

funds provided in whole or in part hereunder, any accounts receivable, working capital, liability or insurance cost or operating expense financing or refinancing program of a health facility with or involving funds provided in whole or in part hereunder, or any combination thereof.

(m) The term "bond resolution" means the resolution or resolutions authorizing the issuance of, or providing terms and conditions related to, bonds issued under this Act and includes, where appropriate, any trust agreement, trust indenture, indenture of mortgage or deed of trust providing terms and conditions for such bonds.

(n) The term "property" means any real, personal or mixed property, whether tangible or intangible, or any interest therein, including, without limitation, any real estate, leasehold interests, appurtenances, buildings, easements, equipment, furnishings, furniture, improvements, machinery, rights of way, structures, accounts, contract rights or any interest therein.

(o) The term "revenues" means, with respect to any project, the rents, fees, charges, interest, principal repayments, collections and other income or profit derived therefrom.

(p) The term "higher education project" means, in the case of a private institution of higher education, an educational facility to be acquired, constructed, enlarged, remodeled, renovated, improved, furnished, or equipped, or any

combination thereof.

(q) The term "cultural institution project" means, in the case of a cultural institution, a cultural facility to be acquired, constructed, enlarged, remodeled, renovated, improved, furnished, or equipped, or any combination thereof.

(r) The term "educational facility" means any property located within the State, or any property located outside the State, provided that, if the property is located outside the State, it must be owned, operated, leased or managed by an entity located within the State or an entity affiliated with an entity located within the State, in each case constructed or acquired before or after the effective date of this Act, which is or will be, in whole or in part, suitable for the instruction, feeding, recreation or housing of students, the conducting of research or other work of a private institution of higher education, the use by a private institution of higher education in connection with any educational, research or related or incidental activities then being or to be conducted by it, or any combination of the foregoing, including, without limitation, any such property suitable for use as or in connection with any one or more of the following: an academic facility, administrative facility, agricultural facility, assembly hall, athletic facility, auditorium, boating facility, campus, communication facility, computer facility, continuing education facility, classroom, dining hall, dormitory, exhibition hall, fire fighting facility, fire

prevention facility, food service and preparation facility, gymnasium, greenhouse, health care facility, hospital, housing, instructional facility, laboratory, library, maintenance facility, medical facility, museum, offices, parking area, physical education facility, recreational facility, research facility, stadium, storage facility, student union, study facility, theatre or utility.

(s) The term "cultural facility" means any property located within the State, or any property located outside the State, provided that, if the property is located outside the State, it must be owned, operated, leased or managed by an entity located within the State or an entity affiliated with an entity located within the State, in each case constructed or acquired before or after the effective date of this Act, which is or will be, in whole or in part, suitable for the particular purposes or needs of a cultural institution, including, without limitation, any such property suitable for use as or in connection with any one or more of the following: an administrative facility, aquarium, assembly hall, auditorium, botanical garden, exhibition hall, gallery, greenhouse, library, museum, scientific laboratory, theater or zoological facility, and shall also include, without limitation, books, works of art or music, animal, plant or aquatic life or other items for display, exhibition or performance. The term "cultural facility" includes buildings on the National Register of Historic Places which are owned or

operated by nonprofit entities.

(t) "Private institution of higher education" means a not-for-profit educational institution which is not owned by the State or any political subdivision, agency, instrumentality, district or municipality thereof, which is authorized by law to provide a program of education beyond the high school level and which:

(1) Admits as regular students only individuals having a certificate of graduation from a high school, or the recognized equivalent of such a certificate;

(2) Provides an educational program for which it awards a bachelor's degree, or provides an educational program, admission into which is conditioned upon the prior attainment of a bachelor's degree or its equivalent, for which it awards a postgraduate degree, or provides not less than a 2-year program which is acceptable for full credit toward such a degree, or offers a 2-year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge;

(3) Is accredited by a nationally recognized accrediting agency or association or, if not so

accredited, is an institution whose credits are accepted, on transfer, by not less than 3 institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited, and holds an unrevoked certificate of approval under the Private College Act from the Board of Higher Education, or is qualified as a "degree granting institution" under the Academic Degree Act; and

(4) Does not discriminate in the admission of students on the basis of race or color. "Private institution of higher education" also includes any "academic institution".

(u) The term "academic institution" means any not-for-profit institution which is not owned by the State or any political subdivision, agency, instrumentality, district or municipality thereof, which institution engages in, or facilitates academic, scientific, educational or professional research or learning in a field or fields of study taught at a private institution of higher education. Academic institutions include, without limitation, libraries, archives, academic, scientific, educational or professional societies, institutions, associations or foundations having such purposes.

(v) The term "cultural institution" means any not-for-profit institution which is not owned by the State or any political subdivision, agency, instrumentality, district

or municipality thereof, which institution engages in the cultural, intellectual, scientific, educational or artistic enrichment of the people of the State. Cultural institutions include, without limitation, aquaria, botanical societies, historical societies, libraries, museums, performing arts associations or societies, scientific societies and zoological societies.

(w) The term "affiliate" means, with respect to financing of an agricultural facility or an agribusiness, any lender, any person, firm or corporation controlled by, or under common control with, such lender, and any person, firm or corporation controlling such lender.

(x) The term "agricultural facility" means land, any building or other improvement thereon or thereto, and any personal properties deemed necessary or suitable for use, whether or not now in existence, in farming, ranching, the production of agricultural commodities (including, without limitation, the products of aquaculture, hydroponics and silviculture) or the treating, processing or storing of such agricultural commodities when such activities are customarily engaged in by farmers as a part of farming and which land, building, improvement or personal property is located within the State, or is located outside the State, provided that, if such property is located outside the State, it must be owned, operated, leased, or managed by an entity located within the State or an entity affiliated with an entity located within

the State.

(y) The term "lender" with respect to financing of an agricultural facility or an agribusiness, means any federal or State chartered bank, Federal Land Bank, Production Credit Association, Bank for Cooperatives, federal or State chartered savings and loan association or building and loan association, Small Business Investment Company or any other institution qualified within this State to originate and service loans, including, but without limitation to, insurance companies, credit unions and mortgage loan companies. "Lender" also means a wholly owned subsidiary of a manufacturer, seller or distributor of goods or services that makes loans to businesses or individuals, commonly known as a "captive finance company".

(z) The term "agribusiness" means any sole proprietorship, limited partnership, co-partnership, joint venture, corporation or cooperative which operates or will operate a facility located within the State or outside the State, provided that, if any facility is located outside the State, it must be owned, operated, leased, or managed by an entity located within the State or an entity affiliated with an entity located within the State, that is related to the processing of agricultural commodities (including, without limitation, the products of aquaculture, hydroponics and silviculture) or the manufacturing, production or construction of agricultural buildings, structures, equipment, implements,

and supplies, or any other facilities or processes used in agricultural production. Agribusiness includes but is not limited to the following:

(1) grain handling and processing, including grain storage, drying, treatment, conditioning, mailing and packaging;

(2) seed and feed grain development and processing;

(3) fruit and vegetable processing, including preparation, canning and packaging;

(4) processing of livestock and livestock products, dairy products, poultry and poultry products, fish or apiarian products, including slaughter, shearing, collecting, preparation, canning and packaging;

(5) fertilizer and agricultural chemical manufacturing, processing, application and supplying;

(6) farm machinery, equipment and implement manufacturing and supplying;

(7) manufacturing and supplying of agricultural commodity processing machinery and equipment, including machinery and equipment used in slaughter, treatment, handling, collecting, preparation, canning or packaging of agricultural commodities;

(8) farm building and farm structure manufacturing, construction and supplying;

(9) construction, manufacturing, implementation, supplying or servicing of irrigation, drainage and soil

and water conservation devices or equipment;

(10) fuel processing and development facilities that produce fuel from agricultural commodities or byproducts;

(11) facilities and equipment for processing and packaging agricultural commodities specifically for export;

(12) facilities and equipment for forestry product processing and supplying, including sawmilling operations, wood chip operations, timber harvesting operations, and manufacturing of prefabricated buildings, paper, furniture or other goods from forestry products;

(13) facilities and equipment for research and development of products, processes and equipment for the production, processing, preparation or packaging of agricultural commodities and byproducts.

(aa) The term "asset" with respect to financing of any agricultural facility or any agribusiness, means, but is not limited to the following: cash crops or feed on hand; livestock held for sale; breeding stock; marketable bonds and securities; securities not readily marketable; accounts receivable; notes receivable; cash invested in growing crops; net cash value of life insurance; machinery and equipment; cars and trucks; farm and other real estate including life estates and personal residence; value of beneficial interests in trusts; government payments or grants; and any other assets.

(bb) The term "liability" with respect to financing of any agricultural facility or any agribusiness shall include, but not be limited to the following: accounts payable; notes or other indebtedness owed to any source; taxes; rent; amounts owed on real estate contracts or real estate mortgages; judgments; accrued interest payable; and any other liability.

(cc) The term "Predecessor Authorities" means those authorities as described in Section 845-75.

(dd) The term "housing project" means a specific work or improvement located within the State or outside the State and undertaken to provide residential dwelling accommodations, including the acquisition, construction or rehabilitation of lands, buildings and community facilities and in connection therewith to provide nonhousing facilities which are part of the housing project, including land, buildings, improvements, equipment and all ancillary facilities for use for offices, stores, retirement homes, hotels, financial institutions, service, health care, education, recreation or research establishments, or any other commercial purpose which are or are to be related to a housing development, provided that any work or improvement located outside the State is owned, operated, leased or managed by an entity located within the State, or any entity affiliated with an entity located within the State.

(ee) The term "conservation project" means any project including the acquisition, construction, rehabilitation,

maintenance, operation, or upgrade that is intended to create or expand open space or to reduce energy usage through efficiency measures. For the purpose of this definition, "open space" has the definition set forth under Section 10 of the Illinois Open Land Trust Act.

(ff) The term "significant presence" means the existence within the State of the national or regional headquarters of an entity or group or such other facility of an entity or group of entities where a significant amount of the business functions are performed for such entity or group of entities.

(gg) The term "municipal bond issuer" means the State or any other state or commonwealth of the United States, or any unit of local government, school district, agency or instrumentality, office, department, division, bureau, commission, college or university thereof located in the State or any other state or commonwealth of the United States.

(hh) The term "municipal bond program project" means a program for the funding of the purchase of bonds, notes or other obligations issued by or on behalf of a municipal bond issuer.

(ii) The term "participating lender" means any trust company, bank, savings bank, credit union, merchant bank, investment bank, broker, investment trust, pension fund, building and loan association, savings and loan association, insurance company, venture capital company, or other institution approved by the Authority which provides a portion

of the financing for a project.

(jj) The term "loan participation" means any loan in which the Authority co-operates with a participating lender to provide all or a portion of the financing for a project.

(kk) The term "PACE Project" means an energy project as defined in Section 5 of the Property Assessed Clean Energy Act.

(ll) The term "clean energy" means energy generation that is substantially free (90% or more) of carbon dioxide emissions by design or operations, or that otherwise contributes to the reduction in emissions of environmentally hazardous materials or reduces the volume of environmentally dangerous materials.

(mm) The term "clean energy project" means the acquisition, construction, refurbishment, creation, development or redevelopment of any facility, equipment, machinery, real property, or personal property for use by the State or any unit of local government, school district, agency or instrumentality, office, department, division, bureau, commission, college, or university of the State, for use by any person or institution, public or private, for profit or not for profit, or for use in any trade or business, which the Authority determines will aid, assist, or encourage the development or implementation of clean energy in the State, or as otherwise contemplated by Article 850.

(nn) The term "Climate Bank" means the Authority in the

exercise of those powers conferred on it by this Act related to clean energy or clean water, drinking water, or wastewater treatment.

(oo) "Equity investment eligible community" and "eligible community" mean the geographic areas throughout Illinois that would most benefit from equitable investments by the State designed to combat discrimination. Specifically, the eligible communities shall be defined as the following areas:

(1) R3 Areas as established pursuant to Section 10-40 of the Cannabis Regulation and Tax Act, where residents have historically been excluded from economic opportunities, including opportunities in the energy sector; and

(2) Environmental justice communities, as defined by the Illinois Power Agency pursuant to the Illinois Power Agency Act, where residents have historically been subject to disproportionate burdens of pollution, including pollution from the energy sector.

(pp) "Equity investment eligible person" and "eligible person" mean the persons who would most benefit from equitable investments by the State designed to combat discrimination. Specifically, eligible persons means the following people:

(1) persons whose primary residence is in an equity investment eligible community;

(2) persons who are graduates of or currently enrolled in the foster care system; or

(3) persons who were formerly incarcerated.

(qq) "Environmental justice community" means the definition of that term based on existing methodologies and findings used and as may be updated by the Illinois Power Agency and its program administrator in the Illinois Solar for All Program.

(Source: P.A. 101-610, eff. 1-1-20; 102-662, eff. 9-15-21.)

(20 ILCS 3501/801-40)

Sec. 801-40. In addition to the powers otherwise authorized by law and in addition to the foregoing general corporate powers, the Authority shall also have the following additional specific powers to be exercised in furtherance of the purposes of this Act.

(a) The Authority shall have power (i) to accept grants, loans or appropriations from the federal government or the State, or any agency or instrumentality thereof, or, in the case of clean energy projects, any not-for-profit philanthropic or other charitable organization, public or private, to be used for the operating expenses of the Authority, or for any purposes of the Authority, including the making of direct loans of such funds with respect to projects, and (ii) to enter into any agreement with the federal government or the State, or any agency or instrumentality thereof, in relationship to such grants, loans or appropriations.

(b) The Authority shall have power to procure and enter into contracts for any type of insurance and indemnity agreements covering loss or damage to property from any cause, including loss of use and occupancy, or covering any other insurable risk.

(c) The Authority shall have the continuing power to issue bonds for its corporate purposes. Bonds may be issued by the Authority in one or more series and may provide for the payment of any interest deemed necessary on such bonds, of the costs of issuance of such bonds, of any premium on any insurance, or of the cost of any guarantees, letters of credit or other similar documents, may provide for the funding of the reserves deemed necessary in connection with such bonds, and may provide for the refunding or advance refunding of any bonds or for accounts deemed necessary in connection with any purpose of the Authority. The bonds may bear interest payable at any time or times and at any rate or rates, notwithstanding any other provision of law to the contrary, and such rate or rates may be established by an index or formula which may be implemented or established by persons appointed or retained therefor by the Authority, or may bear no interest or may bear interest payable at maturity or upon redemption prior to maturity, may bear such date or dates, may be payable at such time or times and at such place or places, may mature at any time or times not later than 40 years from the date of issuance, may be sold at public or private sale at such time or times and at such

price or prices, may be secured by such pledges, reserves, guarantees, letters of credit, insurance contracts or other similar credit support or liquidity instruments, may be executed in such manner, may be subject to redemption prior to maturity, may provide for the registration of the bonds, and may be subject to such other terms and conditions all as may be provided by the resolution or indenture authorizing the issuance of such bonds. The holder or holders of any bonds issued by the Authority may bring suits at law or proceedings in equity to compel the performance and observance by any person or by the Authority or any of its agents or employees of any contract or covenant made with the holders of such bonds and to compel such person or the Authority and any of its agents or employees to perform any duties required to be performed for the benefit of the holders of any such bonds by the provision of the resolution authorizing their issuance, and to enjoin such person or the Authority and any of its agents or employees from taking any action in conflict with any such contract or covenant. Notwithstanding the form and tenor of any such bonds and in the absence of any express recital on the face thereof that it is non-negotiable, all such bonds shall be negotiable instruments. Pending the preparation and execution of any such bonds, temporary bonds may be issued as provided by the resolution. The bonds shall be sold by the Authority in such manner as it shall determine. The bonds may be secured as provided in the authorizing resolution

by the receipts, revenues, income and other available funds of the Authority and by any amounts derived by the Authority from the loan agreement or lease agreement with respect to the project or projects; and bonds may be issued as general obligations of the Authority payable from such revenues, funds and obligations of the Authority as the bond resolution shall provide, or may be issued as limited obligations with a claim for payment solely from such revenues, funds and obligations as the bond resolution shall provide. The Authority may grant a specific pledge or assignment of and lien on or security interest in such rights, revenues, income, or amounts and may grant a specific pledge or assignment of and lien on or security interest in any reserves, funds or accounts established in the resolution authorizing the issuance of bonds. Any such pledge, assignment, lien or security interest for the benefit of the holders of the Authority's bonds shall be valid and binding from the time the bonds are issued without any physical delivery or further act, and shall be valid and binding as against and prior to the claims of all other parties having claims against the Authority or any other person irrespective of whether the other parties have notice of the pledge, assignment, lien or security interest. As evidence of such pledge, assignment, lien and security interest, the Authority may execute and deliver a mortgage, trust agreement, indenture or security agreement or an assignment thereof. A remedy for any breach or default of the terms of any such

agreement by the Authority may be by mandamus proceedings in any court of competent jurisdiction to compel the performance and compliance therewith, but the agreement may prescribe by whom or on whose behalf such action may be instituted. It is expressly understood that the Authority may, but need not, acquire title to any project with respect to which it exercises its authority.

(d) With respect to the powers granted by this Act, the Authority may adopt rules and regulations prescribing the procedures by which persons may apply for assistance under this Act. Nothing herein shall be deemed to preclude the Authority, prior to the filing of any formal application, from conducting preliminary discussions and investigations with respect to the subject matter of any prospective application.

(e) The Authority shall have power to acquire by purchase, lease, gift or otherwise any property or rights therein from any person useful for its purposes, whether improved for the purposes of any prospective project, or unimproved. The Authority may also accept any donation of funds for its purposes from any such source. The Authority shall have no independent power of condemnation but may acquire any property or rights therein obtained upon condemnation by any other authority, governmental entity or unit of local government with such power.

(f) The Authority shall have power to develop, construct and improve either under its own direction, or through

collaboration with any approved applicant, or to acquire through purchase or otherwise, any project, using for such purpose the proceeds derived from the sale of its bonds or from governmental loans or grants, and to hold title in the name of the Authority to such projects.

(g) The Authority shall have power to lease pursuant to a lease agreement any project so developed and constructed or acquired to the approved tenant on such terms and conditions as may be appropriate to further the purposes of this Act and to maintain the credit of the Authority. Any such lease may provide for either the Authority or the approved tenant to assume initially, in whole or in part, the costs of maintenance, repair and improvements during the leasehold period. In no case, however, shall the total rentals from any project during any initial leasehold period or the total loan repayments to be made pursuant to any loan agreement, be less than an amount necessary to return over such lease or loan period (1) all costs incurred in connection with the development, construction, acquisition or improvement of the project and for repair, maintenance and improvements thereto during the period of the lease or loan; provided, however, that the rentals or loan repayments need not include costs met through the use of funds other than those obtained by the Authority through the issuance of its bonds or governmental loans; (2) a reasonable percentage additive to be agreed upon by the Authority and the borrower or tenant to cover a properly

allocable portion of the Authority's general expenses, including, but not limited to, administrative expenses, salaries and general insurance, and (3) an amount sufficient to pay when due all principal of, interest and premium, if any on, any bonds issued by the Authority with respect to the project. The portion of total rentals payable under clause (3) of this subsection (g) shall be deposited in such special accounts, including all sinking funds, acquisition or construction funds, debt service and other funds as provided by any resolution, mortgage or trust agreement of the Authority pursuant to which any bond is issued.

(h) The Authority has the power, upon the termination of any leasehold period of any project, to sell or lease for a further term or terms such project on such terms and conditions as the Authority shall deem reasonable and consistent with the purposes of the Act. The net proceeds from all such sales and the revenues or income from such leases shall be used to satisfy any indebtedness of the Authority with respect to such project and any balance may be used to pay any expenses of the Authority or be used for the further development, construction, acquisition or improvement of projects. In the event any project is vacated by a tenant prior to the termination of the initial leasehold period, the Authority shall sell or lease the facilities of the project on the most advantageous terms available. The net proceeds of any such disposition shall be treated in the same manner as the

proceeds from sales or the revenues or income from leases subsequent to the termination of any initial leasehold period.

(i) The Authority shall have the power to make loans, or to purchase loan participations in loans made, to persons to finance a project, to enter into loan agreements or agreements with participating lenders with respect thereto, and to accept guarantees from persons of its loans or the resultant evidences of obligations of the Authority.

(j) The Authority may fix, determine, charge and collect any premiums, fees, charges, costs and expenses, including, without limitation, any application fees, commitment fees, program fees, financing charges or publication fees from any person in connection with its activities under this Act.

(k) In addition to the funds established as provided herein, the Authority shall have the power to create and establish such reserve funds and accounts as may be necessary or desirable to accomplish its purposes under this Act and to deposit its available monies into the funds and accounts.

(l) At the request of the governing body of any unit of local government, the Authority is authorized to market such local government's revenue bond offerings by preparing bond issues for sale, advertising for sealed bids, receiving bids at its offices, making the award to the bidder that offers the most favorable terms or arranging for negotiated placements or underwritings of such securities. The Authority may, at its discretion, offer for concurrent sale the revenue bonds of

several local governments. Sales by the Authority of revenue bonds under this Section shall in no way imply State guarantee of such debt issue. The Authority may require such financial information from participating local governments as it deems necessary in order to carry out the purposes of this subsection (1).

(m) The Authority may make grants to any county to which Division 5-37 of the Counties Code is applicable to assist in the financing of capital development, construction and renovation of new or existing facilities for hospitals and health care facilities under that Act. Such grants may only be made from funds appropriated for such purposes from the Build Illinois Bond Fund.

(n) The Authority may establish an urban development action grant program for the purpose of assisting municipalities in Illinois which are experiencing severe economic distress to help stimulate economic development activities needed to aid in economic recovery. The Authority shall determine the types of activities and projects for which the urban development action grants may be used, provided that such projects and activities are broadly defined to include all reasonable projects and activities the primary objectives of which are the development of viable urban communities, including decent housing and a suitable living environment, and expansion of economic opportunity, principally for persons of low and moderate incomes. The Authority shall enter into

grant agreements from monies appropriated for such purposes from the Build Illinois Bond Fund. The Authority shall monitor the use of the grants, and shall provide for audits of the funds as well as recovery by the Authority of any funds determined to have been spent in violation of this subsection (n) or any rule or regulation promulgated hereunder. The Authority shall provide technical assistance with regard to the effective use of the urban development action grants. The Authority shall file an annual report to the General Assembly concerning the progress of the grant program.

(o) The Authority may establish a Housing Partnership Program whereby the Authority provides zero-interest loans to municipalities for the purpose of assisting in the financing of projects for the rehabilitation of affordable multi-family housing for low and moderate income residents. The Authority may provide such loans only upon a municipality's providing evidence that it has obtained private funding for the rehabilitation project. The Authority shall provide 3 State dollars for every 7 dollars obtained by the municipality from sources other than the State of Illinois. The loans shall be made from monies appropriated for such purpose from the Build Illinois Bond Fund. The total amount of loans available under the Housing Partnership Program shall not exceed $30,000,000. State loan monies under this subsection shall be used only for the acquisition and rehabilitation of existing buildings containing 4 or more dwelling units. The terms of any loan made

by the municipality under this subsection shall require repayment of the loan to the municipality upon any sale or other transfer of the project. In addition, the Authority may use any moneys appropriated for such purpose from the Build Illinois Bond Fund, including funds loaned under this subsection and repaid as principal or interest, and investment income on such funds, to make the loans authorized by subsection (z), without regard to any restrictions or limitations provided in this subsection.

(p) The Authority may award grants to universities and research institutions, research consortiums and other not-for-profit entities for the purposes of: remodeling or otherwise physically altering existing laboratory or research facilities, expansion or physical additions to existing laboratory or research facilities, construction of new laboratory or research facilities or acquisition of modern equipment to support laboratory or research operations provided that such grants (i) be used solely in support of project and equipment acquisitions which enhance technology transfer, and (ii) not constitute more than 60 percent of the total project or acquisition cost.

(q) Grants may be awarded by the Authority to units of local government for the purpose of developing the appropriate infrastructure or defraying other costs to the local government in support of laboratory or research facilities provided that such grants may not exceed 40% of the cost to the

unit of local government.

(r) In addition to the powers granted to the Authority under subsection (i), and in all cases supplemental to it, the Authority may establish a direct loan program to make loans to, or may purchase participations in loans made by participating lenders to, individuals, partnerships, corporations, or other business entities for the purpose of financing an industrial project, as defined in Section 801-10 of this Act. For the purposes of such program and not by way of limitation on any other program of the Authority, including, without limitation, programs established under subsection (i), the Authority shall have the power to issue bonds, notes, or other evidences of indebtedness including commercial paper for purposes of providing a fund of capital from which it may make such loans. The Authority shall have the power to use any appropriations from the State made especially for the Authority's direct loan program, or moneys at any time held by the Authority under this Act outside the State treasury in the custody of either the Treasurer of the Authority or a trustee or depository appointed by the Authority, for additional capital to make such loans or purchase such loan participations, or for the purposes of reserve funds or pledged funds which secure the Authority's obligations of repayment of any bond, note or other form of indebtedness established for the purpose of providing capital for which it intends to make such loans or purchase such loan

participations. For the purpose of obtaining such capital, the Authority may also enter into agreements with financial institutions, participating lenders, and other persons for the purpose of administering a loan participation program, selling loans or developing a secondary market for such loans or loan participations. Loans made under the direct loan program specifically established under this subsection (r), including loans under such program made by participating lenders in which the Authority purchases a participation, may be in an amount not to exceed $600,000 and shall be made for a portion of an industrial project which does not exceed 50% of the total project. No loan may be made by the Authority unless approved by the affirmative vote of at least 8 members of the board. The Authority shall establish procedures and publish rules which shall provide for the submission, review, and analysis of each direct loan and loan participation application and which shall preserve the ability of each board member and the Executive Director, as applicable, to reach an individual business judgment regarding the propriety of each direct loan or loan participation. The collective discretion of the board to approve or disapprove each loan shall be unencumbered. The Authority may establish and collect such fees and charges, determine and enforce such terms and conditions, and charge such interest rates as it determines to be necessary and appropriate to the successful administration of the direct loan program, including purchasing loan participations. The

Authority may require such interests in collateral and such guarantees as it determines are necessary to protect the Authority's interest in the repayment of the principal and interest of each loan and loan participation made under the direct loan program. The restrictions established under this subsection (r) shall not be applicable to any loan or loan participation made under subsection (i) or to any loan or loan participation made under any other Section of this Act.

(s) The Authority may guarantee private loans to third parties up to a specified dollar amount in order to promote economic development in this State.

(t) The Authority may adopt rules and regulations as may be necessary or advisable to implement the powers conferred by this Act.

(u) The Authority shall have the power to issue bonds, notes or other evidences of indebtedness, which may be used to make loans to units of local government which are authorized to enter into loan agreements and other documents and to issue bonds, notes and other evidences of indebtedness for the purpose of financing the protection of storm sewer outfalls, the construction of adequate storm sewer outfalls, and the provision for flood protection of sanitary sewage treatment plans, in counties that have established a stormwater management planning committee in accordance with Section 5-1062 of the Counties Code. Any such loan shall be made by the Authority pursuant to the provisions of Section 820-5 to

820-60 of this Act. The unit of local government shall pay back to the Authority the principal amount of the loan, plus annual interest as determined by the Authority. The Authority shall have the power, subject to appropriations by the General Assembly, to subsidize or buy down a portion of the interest on such loans, up to 4% per annum.

(v) The Authority may accept security interests as provided in Sections 11-3 and 11-3.3 of the Illinois Public Aid Code.

(w) Moral Obligation. In the event that the Authority determines that monies of the Authority will not be sufficient for the payment of the principal of and interest on its bonds during the next State fiscal year, the Chairperson, as soon as practicable, shall certify to the Governor the amount required by the Authority to enable it to pay such principal of and interest on the bonds. The Governor shall submit the amount so certified to the General Assembly as soon as practicable, but no later than the end of the current State fiscal year. This subsection shall apply only to any bonds or notes as to which the Authority shall have determined, in the resolution authorizing the issuance of the bonds or notes, that this subsection shall apply. Whenever the Authority makes such a determination, that fact shall be plainly stated on the face of the bonds or notes and that fact shall also be reported to the Governor. In the event of a withdrawal of moneys from a reserve fund established with respect to any issue or issues

of bonds of the Authority to pay principal or interest on those bonds, the Chairperson of the Authority, as soon as practicable, shall certify to the Governor the amount required to restore the reserve fund to the level required in the resolution or indenture securing those bonds. The Governor shall submit the amount so certified to the General Assembly as soon as practicable, but no later than the end of the current State fiscal year. The Authority shall obtain written approval from the Governor for any bonds and notes to be issued under this Section. In addition to any other bonds authorized to be issued under Sections 825-60, 825-65(e), 830-25 and 845-5, the principal amount of Authority bonds outstanding issued under this Section 801-40(w) or under 20 ILCS 3850/1-80 or 30 ILCS 360/2-6(c), which have been assumed by the Authority, shall not exceed $150,000,000. This subsection (w) shall in no way be applied to any bonds issued by the Authority on behalf of the Illinois Power Agency under Section 825-90 of this Act.

(x) The Authority may enter into agreements or contracts with any person necessary or appropriate to place the payment obligations of the Authority under any of its bonds in whole or in part on any interest rate basis, cash flow basis, or other basis desired by the Authority, including without limitation agreements or contracts commonly known as "interest rate swap agreements", "forward payment conversion agreements", and "futures", or agreements or contracts to exchange cash flows

or a series of payments, or agreements or contracts, including without limitation agreements or contracts commonly known as "options", "puts", or "calls", to hedge payment, rate spread, or similar exposure; provided that any such agreement or contract shall not constitute an obligation for borrowed money and shall not be taken into account under Section 845-5 of this Act or any other debt limit of the Authority or the State of Illinois.

(y) The Authority shall publish summaries of projects and actions approved by the members of the Authority on its website. These summaries shall include, but not be limited to, information regarding the:

(1) project;

(2) Board's action or actions;

(3) purpose of the project;

(4) Authority's program and contribution;

(5) volume cap;

(6) jobs retained;

(7) projected new jobs;

(8) construction jobs created;

(9) estimated sources and uses of funds;

(10) financing summary;

(11) project summary;

(12) business summary;

(13) ownership or economic disclosure statement;

(14) professional and financial information;

(15) service area; and

(16) legislative district.

The disclosure of information pursuant to this subsection shall comply with the Freedom of Information Act.

(z) Consistent with the findings and declaration of policy set forth in item (j) of Section 801-5 of this Act, the Authority shall have the power to make loans to the Police Officers' Pension Investment Fund authorized by Section 22B-120 of the Illinois Pension Code and to make loans to the Firefighters' Pension Investment Fund authorized by Section 22C-120 of the Illinois Pension Code. Notwithstanding anything in this Act to the contrary, loans authorized by Section 22B-120 and Section 22C-120 of the Illinois Pension Code may be made from any of the Authority's funds, including, but not limited to, funds in its Illinois Housing Partnership Program Fund, its Industrial Project Insurance Fund, or its Illinois Venture Investment Fund.

(aa) The Authority may finance or refinance (including, without limitation, through reimbursement of prior expenditures) any accounts receivable, working capital, liability, or insurance or noncapital cost or operating expense, or any combination thereof, for any unit of government, participating health institution, private institution of higher education, academic institution, cultural institution, or other person authorized to borrow funds from the Authority pursuant to this Act.

(Source: P.A. 101-610, eff. 1-1-20; 102-662, eff. 9-15-21.)

(20 ILCS 3501/850-10)

Sec. 850-10. Powers and duties.

(a) The Authority shall have the powers enumerated in this Act to assist in the development and implementation of clean energy in the State. The powers enumerated in this Article shall be in addition to all other powers of the Authority conferred in this Act, including those related to clean energy and the provision of clean water, drinking water, and wastewater treatment. The powers of the Authority to issue bonds, notes, and other obligations to finance loans administered by the Illinois Environmental Protection Agency under the Public Water Supply Loan Program or the Water Pollution Control Loan Program or other similar programs shall not be limited or otherwise affected by this amendatory Act of the 102nd General Assembly.

(b) In its role as the Climate Bank of the State, the Authority shall have the power to: (i) administer programs and funds appropriated by the General Assembly for clean energy projects in eligible communities and environmental justice communities or owned by eligible persons, (ii) support investment in the clean energy and clean water, drinking water, and wastewater treatment, (iii) support and otherwise promote investment in clean energy projects to foster the growth, development, and commercialization of clean energy

projects and related enterprises, and (iv) stimulate demand for clean energy and the development of clean energy projects.

(c) In addition to, and not in limitation of, any other power of the Authority set forth in this Section or any other provisions of the general statutes, the Authority shall have and may exercise the following powers in furtherance of or in carrying out its clean energy powers and purposes:

(1) To enter into joint ventures and invest in and participate with any person, including, without limitation, government entities and private corporations, engaged primarily in the development of clean energy projects, provided that members of the Authority or officers may serve as directors, members, or officers of any such business entity, and such service shall be deemed to be in the discharge of the duties or within the scope of the employment of any such member or officer, or Authority or officers, as the case may be, so long as such member or officer does not receive any compensation or direct or indirect financial benefit as a result of serving in such role.

(2) To utilize funding sources, including, but not limited to:

(A) funds repurposed from existing programs providing financing support for clean energy projects, clean water projects, drinking water projects, wastewater treatment projects, or climate resilience

projects, provided any transfer of funds from such existing programs shall be subject to approval by the General Assembly and shall be used for expenses of financing, grants, and loans;

(B) any federal or other funds that can be used for clean energy purposes, clean water projects, drinking water projects, wastewater treatment projects, or climate resilience projects;

(C) charitable gifts, grants, and contributions as well as loans from individuals, corporations, university endowment funds, and philanthropic foundations for clean energy projects or for the provision of clean water, drinking water, and wastewater treatment or climate resilience projects; and

(D) earnings and interest derived from financing support activities for clean energy projects or climate resilience projects financed by the Authority.

(3) To enter into contracts with private sources to raise capital.

(d) The Authority may finance working capital, refinance outstanding indebtedness of any person, and otherwise assist in the investment of equity from any source, public or private, in connection with clean energy projects or any other projects authorized by this Act.

(e) The Authority may assess reasonable fees on its

financing activities to cover its reasonable costs and expenses, as determined by the Authority.

(f) The Authority shall make information regarding the rates, terms and conditions for all of its financing support transactions available to the public for inspection, including formal annual reviews by both a private auditor and the Comptroller, and providing details to the public on the Internet, provided public disclosure shall be restricted for patentable ideas, trade secrets, and proprietary or confidential commercial or financial information, disclosure of which may cause commercial harm to a nongovernmental recipient of such financing support and for other information exempt from public records disclosure pursuant to Section 1-210.

(Source: P.A. 102-662, eff. 9-15-21.)

Section 50-910. The Climate Bank Loan Financing Act is amended by changing Sections 5, 10, and 35 as follows:

(30 ILCS 445/5)

Sec. 5. Definitions. As used in this Act:

"Alternate bonds", "applicable law", "bond", "general obligation bonds", "limited bonds", "governmental unit", "revenue bonds", "enterprise revenues", and "revenue source" have the respective meanings set forth in Section 3 of the Local Government Debt Reform Act.

"Clean energy infrastructure project" means:

(i) a project that uses renewable energy resources, as defined in Section 1-10 of the Illinois Power Agency Act;

(ii) an energy efficiency project;

(iii) a project that uses technology for the storage of renewable energy, including, without limitation, the use of battery or electrochemical storage technology for mobile or stationary applications;

(iv) a project for the acquisition or repairs of electric vehicles;

(v) a project for the acquisition, construction, or repairs to electric vehicle charging stations; and

(vi) a building electrification project of replacing fossil fuels with electricity to meet a given end use.

"Climate resilience project" means a project to reduce hazards or risks to people and property from future disasters or climate-related conditions. "Climate resilience project" includes, but is not limited to, projects that ensure access to clean water and drinking water, support wastewater treatment or resiliency of other essential infrastructure and other projects that reduce the potential impact of disasters or climate change.

"Electric vehicle" means a vehicle that is exclusively powered by and refueled by electricity, must be plugged in to charge, and is licensed to drive on public roadways.

"Electric vehicle charging station" means a station that

delivers electricity from a source outside an electric vehicle into one or more electric vehicles.

"Energy efficiency project" means measures that reduce the amount of electricity, natural gas, or total Btu of electricity or natural gas required to achieve or meet a given end use, consistent with Section 1-10 of the Illinois Power Agency Act.

"Governing body" means the council, board, commission, or body, by whatever name it is known, having charge of the finances of a governmental unit.

(Source: P.A. 103-1023, eff. 8-9-24.)

(30 ILCS 445/10)

Sec. 10. Clean energy infrastructure projects. A governmental unit may own, construct, equip, manage, control, erect, improve, extend, maintain, and operate new or existing clean energy infrastructure projects and climate resilience projects, may purchase real estate and any property rights to be used for clean energy infrastructure projects and climate resilience projects, and may charge for the use of clean energy infrastructure.

(Source: P.A. 103-1023, eff. 8-9-24.)

(30 ILCS 445/35)

Sec. 35. Authority for issuance. The authority to issue bonds by a governmental unit under this Act and applicable law

for clean energy infrastructure projects and climate resilience projects is in addition to any other authority to issue bonds by a governmental unit provided by law.

(Source: P.A. 103-1023, eff. 8-9-24.)

Section 50-915. The Property Tax Code is amended by changing Sections 15-178 and 21-150 as follows:

(35 ILCS 200/15-178)

Sec. 15-178. Affordable housing special assessment programs; reduction ~~Reduction~~ in assessed value for affordable rental housing construction or rehabilitation.

(a) The General Assembly finds that there is a shortage of high quality affordable rental homes for low-income and very-low-income households throughout Illinois; that owners and developers of rental housing face significant challenges building newly constructed apartments or undertaking rehabilitation of existing properties that results in rents that are affordable for low-income and very-low-income households; and that it will help Cook County and other parts of Illinois address the extreme shortage of affordable rental housing by developing a statewide policy to determine the assessed value for newly constructed and rehabilitated affordable rental housing that both encourages investment and incentivizes property owners to keep rents affordable.

(b) Each chief county assessment officer shall implement

special assessment programs to reduce the assessed value of all eligible newly constructed residential real property or qualifying rehabilitation to all eligible existing residential real property in accordance with subsection (c) for 10 taxable years after the newly constructed residential real property or the qualifying rehabilitation of a ~~improvements to existing~~ residential real property is ~~are~~ put in service. Any county with less than 3,000,000 inhabitants may decide not to implement one or both of the special assessment programs defined in subparagraph (1) of subsection (c) of this Section and subparagraph (2) of subsection (c) of this Section upon passage of an ordinance by a majority vote of the county board. Subsequent to a vote to opt out of this special assessment program, any county with less than 3,000,000 inhabitants may decide to implement one or both of the special assessment programs defined in subparagraph (1) of subsection (c) of this Section and subparagraph (2) of subsection (c) of this Section upon passage of an ordinance by a majority vote of the county board. A county opting out shall not disqualify or shorten the maximum eligibility periods for any property approved to receive a reduced valuation prior to the county opting out. The special assessment programs available under this Section shall be available to all qualifying developments regardless of whether or not the property has or is currently receiving any other public financing or subsidies or subject to any regulatory agreements with any public entity, or both. The

changes made to this subsection by this amendatory Act of the 104th General Assembly are declarative of existing law and shall not be construed as a new enactment. Property is eligible for the special assessment program if and only if all of the following factors have been met:

(1) at the conclusion of the new construction or qualifying rehabilitation, the property is a qualifying development ~~consists of a newly constructed multifamily building containing 7 or more rental dwelling units or an existing multifamily building that has undergone qualifying rehabilitation resulting in 7 or more rental dwelling units~~; and

(2) the property meets the application requirements defined in subsection (f).

(c) For those counties that are required to implement the special assessment program and do not opt out of such special assessment program, the chief county assessment officer for that county shall require that residential real property is eligible for the special assessment program if and only if one of the additional factors have been met:

(1) except as defined in subparagraphs (E), (F), and (G) of paragraph (1) of subsection (f) of this Section, prior to the newly constructed residential real property or the qualifying rehabilitation of ~~improvements to existing~~ residential real property being put in service, the owner of the residential real property commits that,

for a period of 10 years, at least 15% of the multifamily building's units will have rents as defined in this Section that are at or below maximum rents and are occupied by households with household incomes at or below maximum income limits; or

(2) except as defined in subparagraphs (E), (F), and (G) of paragraph (1) of subsection (f) of this Section, prior to the newly constructed residential real property or the qualifying rehabilitation of ~~improvements to existing~~ residential real property located in a low affordability community being put in service, the owner of the residential real property commits that, for a period of 30 years after the newly constructed residential real property or the qualifying rehabilitation of ~~improvements to existing~~ residential real property is ~~are~~ put in service, at least 20% of the multifamily building's units will have rents as defined in this Section that are at or below maximum rents and are occupied by households with household incomes at or below maximum income limits.

If a reduction in assessed value is granted under one special assessment program provided for in this Section, then that same residential real property is not eligible for an additional special assessment program under this Section at the same time.

(d) The amount of the reduction in assessed value for residential real property meeting the conditions set forth in

subparagraph (1) of subsection (c) shall be calculated as follows:

(1) if the owner of the residential real property commits for a period of at least 10 years that at least 15% but fewer than 35% of the multifamily building's units have rents at or below maximum rents and are occupied by households with household incomes at or below maximum income limits, the assessed value of the property used to calculate the tax bill shall be reduced by an amount equal to 25% of the assessed value of the property as determined by the assessor for the property in the current taxable year for either the newly constructed residential real property or based on the qualifying rehabilitation of a residential real property ~~improvements to an existing residential real property~~; and

(2) if the owner of the residential real property commits for a period of at least 10 years that at least 35% of the multifamily building's units have rents at or below maximum rents and are occupied by households with household incomes at or below maximum income limits, the assessed value of the property used to calculate the tax bill shall be reduced by an amount equal to 35% of the assessed value of the property as determined by the assessor for the property in the current assessment year for either the newly constructed residential real property or based on the qualifying rehabilitation of a residential

real property ~~improvements to an existing residential real property~~.

(e) The amount of the reduction for residential real property meeting the conditions set forth in subparagraph (2) of subsection (c) shall be calculated as follows:

(1) for the first, second, and third taxable year after the residential real property is placed in service, the residential real property is entitled to a reduction in its assessed value in an amount equal to the difference between the assessed value in the year for which the incentive is sought and the assessed value for the residential real property in the base year;

(2) for the fourth, fifth, and sixth taxable year after the residential real property is placed in service, the property is entitled to a reduction in its assessed value in an amount equal to 80% of the difference between the assessed value in the year for which the incentive is sought and the assessed value for the residential real property in the base year;

(3) for the seventh, eighth, and ninth taxable year after the property is placed in service, the residential real property is entitled to a reduction in its assessed value in an amount equal to 60% of the difference between the assessed value in the year for which the incentive is sought and the assessed value for the residential real property in the base year;

(4) for the tenth, eleventh, and twelfth taxable year after the residential real property is placed in service, the residential real property is entitled to a reduction in its assessed value in an amount equal to 40% of the difference between the assessed value in the year for which the incentive is sought and the assessed value for the residential real property in the base year; and

(5) for the thirteenth through the thirtieth taxable year after the residential real property is placed in service, the residential real property is entitled to a reduction in its assessed value in an amount equal to 20% of the difference between the assessed value in the year for which the incentive is sought and the assessed value for the residential real property in the base year.

(f) Application requirements.

(1) In order to receive the reduced valuation under this Section, the owner must submit an application containing the following information to the chief county assessment officer for review in the form and by the date required by the chief county assessment officer <u>or, in the absence of forms issued by the chief county assessment officer, the Department</u>:

(A) the owner's name;

(B) the postal address and permanent index number or numbers of the parcel or parcels for which the owner is applying to receive reduced valuation under this

Section;

(C) a deed or other instrument conveying the parcel or parcels to the current owner;

(D) written evidence that the new construction or qualifying rehabilitation has been completed with respect to the residential real property, including, but not limited to, copies of building permits, a notarized contractor's affidavit, and photographs of the interior and exterior of the building after new construction or rehabilitation is completed;

(E) written evidence that the residential real property meets local building codes, or if there are no local building codes, Housing Quality Standards, as determined by the United States Department of Housing and Urban Development;

(F) a list identifying the affordable units in residential real property and a written statement that the affordable units are comparable to the market rate units in terms of unit type, number of bedrooms per unit, quality of exterior appearance, energy efficiency, and overall quality of construction;

(G) a written schedule certifying the rents in each affordable unit and a written statement that these rents do not exceed the maximum rents allowable for the area in which the residential real property is located;

(H) documentation from the administering agency verifying the owner's participation in a qualifying income-based rental subsidy program as defined in subsection (e) of this Section if units receiving rental subsidies are to be counted among the affordable units in order to meet the thresholds defined in this Section;

(I) a written statement identifying the household income for every household occupying an affordable unit and certifying that the household income does not exceed the maximum income limits allowable for the area in which the residential real property is located;

(J) a written statement that the owner has verified and retained documentation of household income for every household occupying an affordable unit; and

(K) any additional information consistent with this Section as reasonably required by the chief county assessment officer, including, but not limited to, any information necessary to ensure compliance with applicable local ordinances and to ensure the owner is complying with the provisions of this Section.

(1.1) In order for a development to receive the reduced valuation under subsection (e), the owner must

provide evidence to the county assessor's office of a fully executed project labor agreement entered into with the applicable local building trades council, prior to commencement of any and all construction, building, renovation, demolition, or any material change to the structure or land.

(2) The application requirements contained in paragraph (1) of subsection (f) are continuing requirements for the duration of the reduction in assessed value received and may be annually or periodically verified by the chief county assessment officer for the county whereby the benefit is being issued.

(3) In lieu of submitting an application containing the information prescribed in paragraph (1) of subsection (f), the chief county assessment officer may allow for submission of a substantially similar certification granted by the Illinois Housing Development Authority or a comparable local authority provided that the chief county assessment officer independently verifies the veracity of the certification with the Illinois Housing Development Authority or comparable local authority.

(4) The chief county assessment officer shall notify the owner as to whether or not the property meets the requirements of this Section. If the property does not meet the requirements of this Section, the chief county assessment officer shall provide written notice of any

deficiencies to the owner, who shall then have 30 days from the date of notification to provide supplemental information showing compliance with this Section. The chief county assessment officer shall, in its discretion, grant additional time to cure any deficiency. If the owner does not exercise this right to cure the deficiency, or if the information submitted, in the sole judgment of the chief county assessment officer, is insufficient to meet the requirements of this Section, the chief county assessment officer shall provide a written explanation of the reasons for denial.

(5) The chief county assessment officer may charge a reasonable application fee to offset the administrative expenses associated with the program.

(6) The reduced valuation conferred by this Section is limited as follows:

(A) The owner is eligible to apply for the reduced valuation conferred by this Section beginning in the first assessment year after the effective date of this amendatory Act of the 102nd General Assembly through December 31, 2034 ~~2027~~. If approved, the reduction will be effective for the current assessment year, which will be reflected in the tax bill issued in the following calendar year. Owners that are approved for the reduced valuation under paragraph (1) of subsection (c) of this Section before December 31,

2034 ~~2027~~ shall, at minimum, be eligible for annual renewal of the reduced valuation during an initial 10-year period if annual certification requirements are met for each of the 10 years, as described in subparagraph (B) of paragraph (4) of subsection (d) of this Section. If an owner is approved for the reduced valuation conferred by this Section prior to December 31, 2034 and this Section is not subsequently extended, this shall not disqualify or shorten the maximum eligibility periods for any property approved to receive a reduced valuation.

(B) Property receiving a reduction outlined in paragraph (1) of subsection (c) of this Section shall continue to be eligible for an initial period of up to 10 years if annual certification requirements are met for each of the 10 years, but shall be extended for up to 2 additional 10-year periods with annual renewals if the owner continues to meet the requirements of this Section, including annual certifications, and excluding the requirements regarding new construction or qualifying rehabilitation defined in subparagraph (D) of paragraph (1) of this subsection.

(C) The annual certification materials in the year prior to final year of eligibility for the reduction in assessed value must include a dated copy of the written notice provided to tenants informing them of

the date of the termination if the owner is not seeking a renewal.

(D) If the property is sold or transferred, the purchaser or transferee must comply with all requirements of this Section, excluding the requirements regarding new construction or qualifying rehabilitation defined in subparagraph (D) of paragraph (1) of this subsection, in order to continue receiving the reduction in assessed value. Purchasers and transferees who comply with all requirements of this Section excluding the requirements regarding new construction or qualifying rehabilitation defined in subparagraph (D) of paragraph (1) of this subsection are eligible to apply for renewal on the schedule set by the initial application.

(E) (Blank). ~~The owner may apply for the reduced valuation if the residential real property meets all requirements of this Section and the newly constructed residential real property or improvements to existing residential real property were put in service on or after January 1, 2015. However, the initial 10-year eligibility period or 30-year eligibility period, depending on the applicable program, shall be reduced by the number of years between the placed in service date and the date the owner first receives this reduced valuation.~~

(F) The owner may apply for the reduced valuation within 2 years after the newly constructed residential real property or the qualifying rehabilitation of ~~improvements to existing~~ residential real property is ~~are~~ put in service. However, the initial 10-year eligibility period or 30-year eligibility period, depending on the applicable program, shall be reduced for the number of years between the placed in service date and the date the owner first receives this reduced valuation.

(G) Owners of a multifamily building receiving a reduced valuation through the Cook County Class 9 program during the year in which this amendatory Act of the 102nd General Assembly takes effect shall be deemed automatically eligible for the reduced valuation defined in paragraph (1) of subsection (c) of this Section in terms of meeting the criteria for new construction or substantial rehabilitation for a specific multifamily building regardless of when the newly constructed residential real property or improvements to existing residential real property were put in service. If a Cook County Class 9 owner had Class 9 status revoked on or after January 1, 2017 but can provide documents sufficient to prove that the revocation was in error or any deficiencies leading to the revocation have been cured, the chief county

assessment officer may deem the owner to be eligible. However, owners may not receive both the reduced valuation under this Section and the reduced valuation under the Cook County Class 9 program in any single assessment year. In addition, the number of years during which an owner has participated in the Class 9 program shall count against the 3 10-year periods of eligibility for the reduced valuation as defined in subparagraph (1) of subsection (c) of this Section.

(H) When the property exits the special assessment program, the entire parcel shall be assessed as otherwise provided by law ~~At the completion of the assessment reduction period described in this Section: the entire parcel will be assessed as otherwise provided by law~~. At any time prior to exiting the special assessment program, a property owner may apply for a renewed 30-year eligibility period, to begin on the first day of the year following approval.

(H-5) Any property that has reached or will reach the end of its 30-year eligibility period before December 31, 2025 may remain in the program pending a reapplication filed by December 31, 2026. Those applications shall cite qualifying expenditures made in the 2 years before the application. This subparagraph (H-5) is inoperative on and after January 31, 2027.

(7) If the chief county assessment officer has not created application forms, the chief county assessment officer shall make publicly available and accept application forms that shall be available to local governments from the Illinois Department of Revenue. If a county Internet website exists, the application materials, as well as any other program requirements used by the county (such as application deadlines, fees, and other procedures required by the application) must be published on that website, otherwise it must be available to the public upon request at the office of the chief county assessment officer.

(g) As used in this Section:

"Affordable units" means units that have rents that do not exceed the maximum rents as defined in this Section.

"Assessed value for the residential real property in the base year" means the assessed value used to calculate the tax bill, as certified by the board of review, for the tax year immediately prior to the tax year in which the building permit is issued. For property assessed as other than residential property, the "assessed value for the residential real property in the base year" means the assessed value that would have been obtained had the property been classified as residential as derived from the board of review's certified market value.

"Consumer Price Index-u" means the index published by the

Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, not seasonally adjusted, all items, 1982-84 = 100.

"Household income" includes the annual income for all the people who occupy a housing unit that is anticipated to be received from a source outside of the family during the 12-month period following admission or the annual recertification, including related family members and all the unrelated people who share the housing unit. Household income includes the total of the following income sources: wages, salaries and tips before any payroll deductions; net business income; interest and dividends; payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay; Social Security income, including lump sum payments; payments from insurance policies, annuities, pensions, disability benefits and other types of periodic payments, alimony, child support, and other regular monetary contributions; and public assistance, except for assistance from the Supplemental Nutrition Assistance Program (SNAP). "Household income" does not include: earnings of children under age 18; temporary income such as cash gifts; reimbursement for medical expenses; lump sums from inheritance, insurance payments, settlements for personal or property losses; student financial assistance paid directly to the student or to an educational institution; foster child

care payments; receipts from government-funded training programs; assistance from the Supplemental Nutrition Assistance Program (SNAP).

"Low affordability community" means (1) a municipality or jurisdiction with less than 1,000,000 inhabitants in which 40% or less of its total year-round housing units are affordable, as determined by the Illinois Housing Development Authority during the exemption determination process under the Affordable Housing Planning and Appeal Act; (2) "D" zoning districts as now or hereafter designated in the Chicago Zoning Ordinance; or (3) a jurisdiction located in a municipality with 1,000,000 or more inhabitants that has been designated as a low affordability community by passage of a local ordinance by that municipality, specifying the census tract or property by permanent index number or numbers.

"Maximum income limits" means the maximum regular income limits for 60% of area median income for the geographic area in which the multifamily building is located for multifamily programs as determined by the United States Department of Housing and Urban Development and published annually by the Illinois Housing Development Authority. A property may be deemed to have satisfied the maximum income limits with a weighted average if municipal, state, or federal laws, ordinances, rules, or regulations requires the use of a weighted average of no more than 60% of area median income for that property.

"Maximum rent" means the maximum regular rent for 60% of the area median income for the geographic area in which the multifamily building is located for multifamily programs as determined by the United States Department of Housing and Urban Development and published annually by the Illinois Housing Development Authority. To be eligible for the reduced valuation defined in this Section, maximum rents are to be consistent with the Illinois Housing Development Authority's rules; or if the owner is leasing an affordable unit to a household with an income at or below the maximum income limit who is participating in qualifying income-based rental subsidy program, "maximum rent" means the maximum rents allowable under the guidelines of the qualifying income-based rental subsidy program. A property may be deemed to have satisfied the maximum rent with a weighted average if municipal, state, or federal laws, ordinances, rules, or regulations requires the use of a weighted average of no more than 60% of area median income for that property.

"Qualifying development" means:

(1) property containing a newly constructed multifamily building containing 7 or more rental dwelling units; or

(2) property containing an existing multifamily building that has undergone qualifying rehabilitation resulting in 7 or more rental dwelling units; or

(3) in counties with a population of 3,000,000 or more

inhabitants, property in a portfolio of properties consisting of 7 or more total rental dwelling units across 2 or more multifamily rental buildings that are each newly constructed or have undergone qualifying rehabilitation if the portfolio meets all the following additional requirements:

(A) all of the properties in the portfolio must be under common ownership and must be part of a single financial entity or treated as a single entity for the purposes of financing, regulatory agreements, or participation in a qualifying income-based subsidy program;

(B) the portfolio, as a whole, must participate in a qualifying income-based subsidy program; and

(C) if the portfolio includes units supported by tenant-based rental assistance, including, but not limited to, the Housing Choice Voucher program, the portfolio must also:

(i) operate under a regulatory agreement with a federal, State, or local housing agency that imposes affordability restrictions; or

(ii) participate in an additional qualifying income-based subsidy program beyond tenant-based assistance.

"Qualifying income-based rental subsidy program" means a Housing Choice Voucher issued by a housing authority under

Section 8 of the United States Housing Act of 1937, a tenant voucher converted to a project-based voucher by a housing authority or any other program administered or funded by a housing authority, the Illinois Housing Development Authority, another State agency, a federal agency, or a unit of local government where participation is limited to households with incomes at or below the maximum income limits as defined in this Section and the tenants' portion of the rent payment is based on a percentage of their income or a flat amount that does not exceed the maximum rent as defined in this Section.

"Qualifying rehabilitation" means, at a minimum, compliance with local building codes and the replacement or renovation of at least 2 primary building systems to be approved for the reduced valuation under paragraph (1) of subsection (d) of this Section and at least 5 primary building systems to be approved for the reduced valuation under subsection (e) of this Section. Although the cost of each primary building system may vary, to be approved for the reduced valuation under paragraph (1) of subsection (d) of this Section, for work completed between January 1, 2021 and December 31, 2021, the combined expenditure for making the building compliant with local codes and replacing primary building systems must be at least $8 per square foot ~~for work completed between January 1 of the year in which this amendatory Act of the 102nd General Assembly takes effect and December 31 of the year in which this amendatory Act of the~~

~~102nd General Assembly takes effect and, in subsequent years, $8 adjusted by the Consumer Price Index for All Urban Consumers, as published annually by the U.S. Department of Labor~~. For work completed in calendar years beginning on or after January 1, 2022, that combined expenditure amount shall be the combined expenditure amount necessary to be approved for the reduced valuation under paragraph (1) of subsection (d) of this Section in the immediately preceding calendar year, multiplied by one plus the percentage increase, if any, in the Consumer Price Index-u during the immediately preceding calendar year and rounded to the nearest penny. To be approved for the reduced valuation under paragraph (2) of subsection (d) of this Section, for work completed between January 1, 2021 and December 31, 2021, the combined expenditure for making the building compliant with local codes and replacing primary building systems must be at least $12.50 per square foot ~~for work completed between January 1 of the year in which this amendatory Act of the 102nd General Assembly takes effect and December 31 of the year in which this amendatory Act of the 102nd General Assembly takes effect, and in subsequent years, $12.50 adjusted by the Consumer Price Index for All Urban Consumers, as published annually by the U.S. Department of Labor~~. For work completed in calendar years beginning on or after January 1, 2022, that combined expenditure amount shall be the combined expenditure amount necessary to be approved for the reduced valuation under paragraph (2) of subsection

(d) of this Section in the immediately preceding calendar year, multiplied by one plus the percentage increase, if any, in the Consumer Price Index-u during the immediately preceding calendar year and rounded to the nearest penny. To be approved for the reduced valuation under subsection (e) of this Section, for work completed between January 1, 2021 and December 31, 2021, the combined expenditure for making the building compliant with local codes and replacing primary building systems must be at least $60 per square foot ~~for work completed between January 1 of the year that this amendatory Act of the 102nd General Assembly becomes effective and December 31 of the year that this amendatory Act of the 102nd General Assembly becomes effective and, in subsequent years, $60 adjusted by the Consumer Price Index for All Urban Consumers, as published annually by the U.S. Department of Labor~~. For work completed in calendar years beginning on or after January 1, 2022, that combined expenditure amount shall be the combined expenditure amount necessary to be approved for the reduced valuation under subsection (e) of this Section in the immediately preceding calendar year, multiplied by one plus the percentage increase, if any, in the Consumer Price Index-u during the immediately preceding calendar year and rounded to the nearest penny. This amendatory Act of the 104th General Assembly is not intended to change the combined expenditure amounts determined before the effective date of this amendatory Act of the 104th General Assembly for any work

completed before January 1, 2026 and shall not be used as the basis for any appeal filed with the chief county assessment officer, the board of review, the Property Tax Appeal Board, or the circuit court with respect to the scope or meaning of the exemption under this Section for a tax year prior to tax year 2026.

For the purposes of administering this Section, by February 15, 2026, and by February 15 of each year thereafter, the Department of Revenue shall publish on its website the percentage increase, if any, in the Consumer Price Index-u for the immediately preceding calendar year, including historical annual increases in the Consumer Price Index-u going back to calendar year 2022. In counties with a population of 3,000,000 or more, by March 15, 2026, and by March 15 of each year thereafter, the county assessor shall, using the data available on the Department of Revenue's website, calculate and make available on its website the combined expenditure amounts used in the definition of "qualified rehabilitation" for the applicable taxable year.

"Primary building systems", together with their related rehabilitations, specifically approved for this program are:

(1) Electrical. All electrical work must comply with applicable codes; it may consist of a combination of any of the following alternatives:

(A) installing individual equipment and appliance branch circuits as required by code (the minimum being

a kitchen appliance branch circuit);

(B) installing a new emergency service, including emergency lighting with all associated conduits and wiring;

(C) rewiring all existing feeder conduits ("home runs") from the main switchgear to apartment area distribution panels;

(D) installing new in-wall conduits for receptacles, switches, appliances, equipment, and fixtures;

(E) replacing power wiring for receptacles, switches, appliances, equipment, and fixtures;

(F) installing new light fixtures throughout the building including closets and central areas;

(G) replacing, adding, or doing work as necessary to bring all receptacles, switches, and other electrical devices into code compliance;

(H) installing a new main service, including conduit, cables into the building, and main disconnect switch; and

(I) installing new distribution panels, including all panel wiring, terminals, circuit breakers, and all other panel devices.

(2) Heating. All heating work must comply with applicable codes; it may consist of a combination of any of the following alternatives:

(A) installing a new system to replace one of the following heat distribution systems:

(i) piping and heat radiating units, including new main line venting and radiator venting; or

(ii) duct work, diffusers, and cold air returns; or

(iii) any other type of existing heat distribution and radiation/diffusion components; or

(B) installing a new system to replace one of the following heat generating units:

(i) hot water/steam boiler;

(ii) gas furnace; or

(iii) any other type of existing heat generating unit.

(3) Plumbing. All plumbing work must comply with applicable codes. Replace all or a part of the in-wall supply and waste plumbing; however, main supply risers, waste stacks and vents, and code-conforming waste lines need not be replaced.

(4) Roofing. All roofing work must comply with applicable codes; it may consist of either of the following alternatives, separately or in combination:

(A) replacing all rotted roof decks and insulation; or

(B) replacing or repairing leaking roof membranes

(10% is the suggested minimum replacement of membrane); restoration of the entire roof is an acceptable substitute for membrane replacement.

(5) Exterior doors and windows. Replace the exterior doors and windows. Renovation of ornate entry doors is an acceptable substitute for replacement.

(6) Floors, walls, and ceilings. Finishes must be replaced or covered over with new material. Acceptable replacement or covering materials are as follows:

(A) floors must have new carpeting, vinyl tile, ceramic, refurbished wood finish, or a similar substitute;

(B) walls must have new drywall, including joint taping and painting; or

(C) new ceilings must be either drywall, suspended type, or a similar material.

(7) Exterior walls.

(A) replace loose or crumbling mortar and masonry with new material;

(B) replace or paint wall siding and trim as needed;

(C) bring porches and balconies to a sound condition; or

(D) any combination of (A), (B), and (C).

(8) Elevators. Where applicable, at least 4 of the following 7 alternatives must be accomplished:

(A) replace or rebuild the machine room controls and refurbish the elevator machine (or equivalent mechanisms in the case of hydraulic elevators);

(B) replace hoistway electro-mechanical items including: ropes, switches, limits, buffers, levelers, and deflector sheaves (or equivalent mechanisms in the case of hydraulic elevators);

(C) replace hoistway wiring;

(D) replace door operators and linkage;

(E) replace door panels at each opening;

(F) replace hall stations, car stations, and signal fixtures; or

(G) rebuild the car shell and refinish the interior.

(9) Health and safety.

(A) Install or replace fire suppression systems;

(B) install or replace security systems; or

(C) environmental remediation of lead-based paint, asbestos, leaking underground storage tanks, or radon.

(10) Energy conservation improvements undertaken to limit the amount of solar energy absorbed by a building's roof or to reduce energy use for the property, including, but not limited to, any of the following activities:

(A) installing or replacing reflective roof coatings (flat roofs);

(B) installing or replacing R-49 roof insulation;

(C) installing or replacing R-19 perimeter wall insulation;

(D) installing or replacing insulated entry doors;

(E) installing or replacing Low E, insulated windows;

(F) installing or replacing WaterSense labeled plumbing fixtures;

(G) installing or replacing 90% or better sealed combustion heating systems;

(H) installing Energy Star hot water heaters;

(I) installing or replacing mechanical ventilation to exterior for kitchens and baths;

(J) installing or replacing Energy Star appliances;

(K) installing or replacing Energy Star certified lighting in common areas; or

(L) installing or replacing grading and landscaping to promote on-site water retention if the retained water is used to replace water that is provided from a municipal source.

(11) Accessibility improvements. All accessibility improvements must comply with applicable codes. An owner may make accessibility improvements to residential real property to increase access for people with disabilities. As used in this paragraph (11), "disability" has the meaning given to that term in the Illinois Human Rights

Act. As used in this paragraph (11), "accessibility improvements" means a home modification listed under the Home Services Program administered by the Department of Human Services (Part 686 of Title 89 of the Illinois Administrative Code) including, but not limited to: installation of ramps, grab bars, or wheelchair lifts; widening doorways or hallways; re-configuring rooms and closets; and any other changes to enhance the independence of people with disabilities.

(12) Any applicant who has purchased the property in an arm's length transaction not more than 90 days before applying for this reduced valuation may use the cost of rehabilitation or repairs required by documented code violations, up to a maximum of $2 per square foot, to meet the qualifying rehabilitation requirements.

(Source: P.A. 102-175, eff. 7-29-21; 102-893, eff. 5-20-22.)

(35 ILCS 200/21-150)

Sec. 21-150. Time of applying for judgment. Except as otherwise provided in this Section or by ordinance or resolution enacted under subsection (c) of Section 21-40, in any county with fewer than 3,000,000 inhabitants, all applications for judgment and order of sale for taxes and special assessments on delinquent properties shall be made within 90 days after the second installment due date. In Cook County, all applications for judgment and order of sale for

taxes and special assessments on delinquent properties shall be made (i) by July 1, 2011 for tax year 2009, (ii) by July 1, 2012 for tax year 2010, (iii) by July 1, 2013 for tax year 2011, (iv) by July 1, 2014 for tax year 2012, (v) by July 1, 2015 for tax year 2013, (vi) by May 1, 2016 for tax year 2014, (vii) by March 1, 2017 for tax year 2015, (viii) by April 1 of the next calendar year after the second installment due date for tax year 2016 and 2017, and (ix) within 365 days of the second installment due date for each tax year thereafter.

Notwithstanding these dates, in Cook County, the application for judgment and order of sale for the 2018 annual tax sale that would normally be held in calendar year 2020 shall not be filed earlier than the first day of the first month during which there is no longer a statewide COVID-19 public health emergency, as evidenced by an effective disaster declaration of the Governor covering all counties in the State, except that in no event may this application for judgment and order of sale be filed later than October 1, 2021. When a tax sale is delayed because of a statewide COVID-19 public health emergency, no subsequent annual tax sale may begin earlier than 180 days after the last day of the prior delayed tax sale, and no scavenger tax sale may begin earlier than 90 days after the last day of the prior delayed tax sale. In those counties which have adopted an ordinance under Section 21-40, the application for judgment and order of sale for delinquent taxes shall be made in December.

Notwithstanding these dates, in Cook County, the application for judgment and order of sale for the 2023 annual tax sale that would normally be held in calendar year 2025 shall be filed on or before March 10, 2026. Notwithstanding Sections 9-260, 18-250, 20-100, 21-15, 21-25, and 21-45, in Cook County, interest shall not accrue between September 2, 2025 and April 1, 2026 on delinquent warrant year 2023 tax balances.

In the 10 years next following the completion of a general reassessment of property in any county with 3,000,000 or more inhabitants, made under an order of the Department, applications for judgment and order of sale shall be made as soon as may be and on the day specified in the advertisement required by Section 21-110 and 21-115. If for any cause the court is not held on the day specified, the cause shall stand continued, and it shall be unnecessary to re-advertise the list or notice.

Within 30 days after the day specified for the application for judgment the court shall hear and determine the matter. If judgment is rendered, the sale shall begin on the date within 5 business days specified in the notice as provided in Section 21-115. If the collector is prevented from advertising and obtaining judgment within the time periods specified by this Section, the collector may obtain judgment at any time thereafter; but if the failure arises by the county collector's not complying with any of the requirements of this

Code, he or she shall be held on his or her official bond for the full amount of all taxes and special assessments charged against him or her. Any failure on the part of the county collector shall not be allowed as a valid objection to the collection of any tax or assessment, or to entry of a judgment against any delinquent properties included in the application of the county collector.

As used in this Section, "warrant year" means the year preceding the calendar year in which the taxes first became due and payable.

(Source: P.A. 101-635, eff. 6-5-20; 102-519, eff. 8-20-21.)

Section 50-920. The Property Tax Code is amended by changing Section 20-15 as follows:

(35 ILCS 200/20-15)

Sec. 20-15. Information on bill or separate statement. There shall be printed on each bill, or on a separate slip which shall be mailed with the bill:

(a) a statement itemizing the rate at which taxes have been extended for each of the taxing districts in the county in whose district the property is located, and in those counties utilizing electronic data processing equipment the dollar amount of tax due from the person assessed allocable to each of those taxing districts, including a separate statement of the dollar amount of tax

due which is allocable to a tax levied under the Illinois Local Library Act or to any other tax levied by a municipality or township for public library purposes,

(b) a separate statement for each of the taxing districts of the dollar amount of tax due which is allocable to a tax levied under the Illinois Pension Code or to any other tax levied by a municipality or township for public pension or retirement purposes,

(b-5) a list of each tax increment financing (TIF) district in which the property is located, ~~and~~ the dollar amount of tax due that is allocable to the TIF district, and each redevelopment project that (i) is associated with the TIF district and (ii) has been completed during or before the taxable year for which the bill is prepared or is in the process of being completed during that taxable year,

(c) the total tax rate,

(d) the total amount of tax due, and

(e) the amount by which the total tax and the tax allocable to each taxing district differs from the taxpayer's last prior tax bill.

The county treasurer shall ensure that only those taxing districts in which a parcel of property is located shall be listed on the bill for that property.

In all counties the statement shall also provide:

(1) the property index number or other suitable

description,

(2) the assessment of the property,

(3) the statutory amount of each homestead exemption applied to the property,

(4) the assessed value of the property after application of all homestead exemptions,

(5) the equalization factors imposed by the county and by the Department, and

(6) the equalized assessment resulting from the application of the equalization factors to the basic assessment.

In all counties which do not classify property for purposes of taxation, for property on which a single family residence is situated the statement shall also include a statement to reflect the fair cash value determined for the property. In all counties which classify property for purposes of taxation in accordance with Section 4 of Article IX of the Illinois Constitution, for parcels of residential property in the lowest assessment classification the statement shall also include a statement to reflect the fair cash value determined for the property.

In all counties, the statement must include information that certain taxpayers may be eligible for tax exemptions, abatements, and other assistance programs and that, for more information, taxpayers should consult with the office of their township or county assessor and with the Department of

Revenue. For bills mailed on or after January 1, 2026, the statement must include, in bold face type, a list of exemptions available to taxpayers and contact information for the chief county assessment officer.

In counties which use the estimated or accelerated billing methods, these statements shall only be provided with the final installment of taxes due. The provisions of this Section create a mandatory statutory duty. They are not merely directory or discretionary. The failure or neglect of the collector to mail the bill, or the failure of the taxpayer to receive the bill, shall not affect the validity of any tax, or the liability for the payment of any tax.

(Source: P.A. 103-592, eff. 1-1-25.)

Section 50-925. The River Edge Redevelopment Zone Act is amended by changing Section 10-5.3 as follows:

(65 ILCS 115/10-5.3)

Sec. 10-5.3. Certification of River Edge Redevelopment Zones.

(a) Approval of designated River Edge Redevelopment Zones shall be made by the Department by certification of the designating ordinance. The Department shall promptly issue a certificate for each zone upon its approval. The certificate shall be signed by the Director of the Department, shall make specific reference to the designating ordinance, which shall

be attached thereto, and shall be filed in the office of the Secretary of State. A certified copy of the River Edge Redevelopment Zone Certificate, or a duplicate original thereof, shall be recorded in the office of the recorder of deeds of the county in which the River Edge Redevelopment Zone lies.

(b) A River Edge Redevelopment Zone shall be effective upon its certification. The Department shall transmit a copy of the certification to the Department of Revenue, and to the designating municipality. Upon certification of a River Edge Redevelopment Zone, the terms and provisions of the designating ordinance shall be in effect, and may not be amended or repealed except in accordance with Section 10-5.4.

(c) A River Edge Redevelopment Zone shall be in effect for the period stated in the certificate, which shall in no event exceed 30 calendar years. Zones shall terminate at midnight of December 31 of the final calendar year of the certified term, except as provided in Section 10-5.4.

(d) In calendar years 2006 and 2007, the Department may certify one pilot River Edge Redevelopment Zone in the City of East St. Louis, one pilot River Edge Redevelopment Zone in the City of Rockford, and one pilot River Edge Redevelopment Zone in the City of Aurora.

In calendar year 2009, the Department may certify one pilot River Edge Redevelopment Zone in the City of Elgin.

On or after the effective date of this amendatory Act of

the 97th General Assembly, the Department may certify one additional pilot River Edge Redevelopment Zone in the City of Peoria.

On or after the effective date of this amendatory Act of the 103rd General Assembly, the Department may certify 2 additional pilot River Edge Redevelopment Zones, including one in the City of Joliet and one in the City of Kankakee.

On or after the effective date of this amendatory Act of the 103rd General Assembly, the Department may certify 7 additional pilot River Edge Redevelopment Zones, including one in the City of East Moline, one in the City of Moline, one in the City of Ottawa, one in the City of LaSalle, one in the City of Peru, one in the City of Rock Island, and one in the City of Quincy.

On or after the effective date of this amendatory Act of the 104th General Assembly, the Department may certify 2 additional pilot River Edge Redevelopment Zones, including one in the City of Alton and one in the City of Sterling.

After certifying the additional pilot River Edge Redevelopment Zones authorized by the above paragraphs, the Department may not certify any additional River Edge Redevelopment Zones, but it may amend and rescind certifications of existing River Edge Redevelopment Zones in accordance with Section 10-5.4, except that no River Edge Redevelopment Zone may be extended on or after the effective date of this amendatory Act of the 97th General Assembly. Each

River Edge Redevelopment Zone in existence on the effective date of this amendatory Act of the 97th General Assembly shall continue until its scheduled termination under this Act, unless the Zone is decertified sooner. At the time of its term expiration each River Edge Redevelopment Zone will become an open enterprise zone, available for the previously designated area or a different area to compete for designation as an enterprise zone. No preference for designation as a Zone will be given to the previously designated area.

(e) A municipality in which a River Edge Redevelopment Zone has been certified must submit to the Department, within 60 days after the certification, a plan for encouraging the participation by minority persons, women, persons with disabilities, and veterans in the zone. The Department may assist the municipality in developing and implementing the plan. The terms "minority person", "woman", and "person with a disability" have the meanings set forth under Section 2 of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. "Veteran" means an Illinois resident who is a veteran as defined in subsection (h) of Section 1491 of Title 10 of the United States Code.

(Source: P.A. 103-9, eff. 6-7-23; 103-595, eff. 6-26-24.)

ARTICLE 55

Section 55-5. The Motor Fuel Tax Law is amended by

changing Sections 1.2, 1.20, 3, 3d, 5, 6, 7, 11.5, 12, 12a, 13, 14a, 15, and 16 as follows:

(35 ILCS 505/1.2) (from Ch. 120, par. 417.2)

Sec. 1.2. Distributor. "Distributor" means a person who does any of the following:

(1) ~~either (i)~~ produces motor fuel in this State;

(2) ~~,~~ refines motor fuel in this State;

(3) ~~,~~ blends motor fuel in this State;

(4) ~~,~~ compounds motor fuel in this State;

(5) ~~or~~ manufactures motor fuel in this State;

(6) ~~, or (ii)~~ transports motor fuel into this State;

(7) ~~, or (iii)~~ exports motor fuel out of this State; or

(8) distributes ~~, or (iv) engages in the distribution of~~ motor fuel primarily by tank car or tank truck, or both, and ~~who~~ operates an Illinois bulk plant where the person ~~he or she~~ has active bulk storage capacity of not less than 20,000 ~~30,000~~ gallons for motor fuel ~~gasoline as defined in item (A) of Section 5 of this Law~~.

"Distributor" does not, however, include a person who receives or transports into this State and sells or uses motor fuel under such circumstances as preclude the collection of the tax herein imposed, by reason of the provisions of the constitution and statutes of the United States. However, a person operating a motor vehicle into the State, may transport motor fuel in the ordinary fuel tank attached to the motor

vehicle for the operation of the motor vehicle, without being considered a distributor. Any railroad registered under Section 18c-7201 of the Illinois Vehicle Code may deliver special fuel directly into the fuel supply tank of a locomotive owned, operated, or controlled by any other railroad registered under Section 18c-7201 of the Illinois Vehicle Code without being considered a distributor ~~or supplier~~.

(Source: P.A. 96-1384, eff. 7-29-10.)

(35 ILCS 505/1.20) (from Ch. 120, par. 417.20)

Sec. 1.20. Receiver. "Receiver" means a person who does any of the following:

(1) ~~either~~ produces, refines, blends, compounds or manufactures fuel in this State;

(2) ~~, or~~ transports fuel into this State;

(3) ~~or~~ receives fuel transported to him from without the State;

(4) ~~or~~ exports fuel out of this State; or

(5) distributes ~~, or who is engaged in distribution of~~ fuel primarily by tank car or tank truck, or both, and ~~who~~ operates an Illinois bulk plant where the person ~~he~~ has active fuel bulk storage capacity of not less than 20,000 ~~30,000~~ gallons.

(Source: P.A. 86-125; 86-958.)

(35 ILCS 505/3) (from Ch. 120, par. 419)

Sec. 3. Application for distributor's license.

(a) No person shall act as a distributor of motor fuel within this State without first securing a license to act as a distributor of motor fuel from the Department. Application for such license shall be made to the Department upon blanks furnished by it. The application shall be signed and verified, and shall contain such information as the Department deems necessary. A blender shall, in addition to securing a distributor's license, make application to the Department for a blender's permit, setting forth in the application such information as the Department deems necessary. The applicant for a distributor's license shall also file with the Department a bond on a form to be approved by and with a surety or sureties satisfactory to the Department conditioned upon such applicant paying to the State of Illinois all monies becoming due by reason of the sale, export, or use of motor fuel by the applicant, together with all penalties and interest thereon. The Department shall fix the penalty of such bond in each case taking into consideration the amount of motor fuel expected to be sold, distributed, exported, and used by such applicant and the penalty fixed by the Department shall be such, as in its opinion, will protect the State of Illinois against failure to pay the amount hereinafter provided on motor fuel sold, distributed, exported, and used, but the amount of the penalty fixed by the Department shall not

exceed twice the monthly amount that would be collectable as a tax in the event of a sale on all the motor fuel sold, distributed, exported, and used by the distributor inclusive of tax-free sales, exports, use, or distribution. Upon receipt of the application and bond in proper form, the Department shall issue to the applicant a license to act as a distributor. No person who is in default to the State for monies due under this Act for the sale, distribution, export, or use of motor fuel shall receive a license to act as a distributor.

(b) A license shall not be granted to any person whose principal place of business is in a state other than Illinois, unless such person is licensed for motor fuel distribution or export in the state in which the principal place of business is located and that such person is not in default to that State for any monies due for the sale, distribution, export, or use of motor fuel.

(c) On January 1, 2026, all valid and unrevoked supplier's licenses and their corresponding receiver's licenses issued by the Department shall be converted by the Department to distributor's licenses and corresponding receiver's licenses. Beginning on January 1, 2026, holders of these converted distributor's licenses shall be subject to the same provisions and requirements as other licensed distributors under this Law.

(Source: P.A. 96-1384, eff. 7-29-10.)

(35 ILCS 505/3d)

Sec. 3d. Right to blend.

(a) A distributor who is properly licensed and permitted as a blender pursuant to this Act may blend petroleum-based diesel fuel with biodiesel and sell the blended or unblended product on any premises owned and operated by the distributor for the purpose of supporting or facilitating the retail sale of motor fuel.

(b) A refiner or distributor ~~supplier~~ of petroleum-based diesel fuel or biodiesel shall not refuse to sell or transport to a distributor who is properly licensed and permitted as a blender pursuant to this Act any petroleum-based diesel fuel or biodiesel based on the distributor's or dealer's intent to use that product for blending.

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

(35 ILCS 505/5) (from Ch. 120, par. 421)

Sec. 5. Distributor's monthly return. Except as hereinafter provided, a person holding a valid unrevoked license to act as a distributor of motor fuel shall, between the 1st and 20th days of each calendar month, make return to the Department, showing an itemized statement of the number of invoiced gallons of motor fuel of the types specified in this Section which were purchased, acquired, received, or exported during the preceding calendar month; the amount of such motor fuel produced, refined, compounded, manufactured, blended,

sold, distributed, exported, and used by the licensed distributor during the preceding calendar month; the amount of such motor fuel lost or destroyed during the preceding calendar month; the amount of such motor fuel on hand at the close of business for such month; and such other reasonable information as the Department may require. If a distributor's only activities with respect to motor fuel are either: (1) production of alcohol in quantities of less than 10,000 proof gallons per year or (2) blending alcohol in quantities of less than 10,000 proof gallons per year which such distributor has produced, he shall file returns on an annual basis with the return for a given year being due by January 20 of the following year. Distributors whose total production of alcohol (whether blended or not) exceeds 10,000 proof gallons per year, based on production during the preceding (calendar) year or as reasonably projected by the Department if one calendar year's record of production cannot be established, shall file returns between the 1st and 20th days of each calendar month as hereinabove provided.

The types of motor fuel referred to in the preceding paragraph are: (A) All products commonly or commercially known or sold as gasoline (including casing-head and absorption or natural gasoline), gasohol, motor benzol or motor benzene regardless of their classification or uses; and (B) all combustible gases, not including liquefied natural gas, which exist in a gaseous state at 60 degrees Fahrenheit and at 14.7

pounds per square inch absolute including, but not limited to, liquefied petroleum gases used for highway purposes; and (C) special fuel. Only those quantities of combustible gases (example (B) above) which are used or sold by the distributor to be used to propel motor vehicles on the public highways, or which are delivered into a storage tank that is located at a facility that has withdrawal facilities which are readily accessible to and are capable of dispensing combustible gases into the fuel supply tanks of motor vehicles, shall be subject to return. Distributors of liquefied natural gas are not required to make returns under this Section with respect to that liquefied natural gas unless (i) the liquefied natural gas is dispensed into the fuel supply tank of any motor vehicle or (ii) the liquefied natural gas is delivered into a storage tank that is located at a facility that has withdrawal facilities which are readily accessible to and are capable of dispensing liquefied natural gas into the fuel supply tanks of motor vehicles. For purposes of this Section, a facility is considered to have withdrawal facilities that are not "readily accessible to and capable of dispensing combustible gases into the fuel supply tanks of motor vehicles" only if the combustible gases or liquefied natural gas are delivered from: (i) a dispenser hose that is short enough so that it will not reach the fuel supply tank of a motor vehicle or (ii) a dispenser that is enclosed by a fence or other physical barrier so that a vehicle cannot pull alongside the dispenser

to permit fueling. For the purposes of this Act, liquefied petroleum gases shall mean and include any material having a vapor pressure not exceeding that allowed for commercial propane composed predominantly of the following hydrocarbons, either by themselves or as mixtures: Propane, Propylene, Butane (normal butane or iso-butane) and Butylene (including isomers).

In case of a sale of special fuel to someone other than a licensed distributor~~, or a licensed supplier,~~ for a use other than in motor vehicles, the distributor shall show in his return the amount of invoiced gallons sold and the name and address of the purchaser in addition to any other information the Department may require.

All special fuel sold or used for non-highway purposes must have a dye added in accordance with Section 4d of this Law.

In case of a tax-free sale, as provided in Section 6, of motor fuel which the distributor is required by this Section to include in his return to the Department, the distributor in his return shall show: (1) If the sale is made to another licensed distributor the amount sold and the name, address and license number of the purchasing distributor; (2) if the sale is made to a person where delivery is made outside of this State the name and address of such purchaser and the point of delivery together with the date and amount delivered; (3) if the sale is made to the Federal Government or its

instrumentalities the amount sold; (4) if the sale is made to a municipal corporation owning and operating a local transportation system for public service in this State the name and address of such purchaser, and the amount sold, as evidenced by official forms of exemption certificates properly executed and furnished by such purchaser; (5) if the sale is made to a privately owned public utility owning and operating 2-axle vehicles designed and used for transporting more than 7 passengers, which vehicles are used as common carriers in general transportation of passengers, are not devoted to any specialized purpose and are operated entirely within the territorial limits of a single municipality or of any group of contiguous municipalities or in a close radius thereof, and the operations of which are subject to the regulations of the Illinois Commerce Commission, then the name and address of such purchaser and the amount sold as evidenced by official forms of exemption certificates properly executed and furnished by the purchaser; ~~(6) if the product sold is special fuel and if the sale is made to a licensed supplier under conditions which qualify the sale for tax exemption under Section 6 of this Act, the amount sold and the name, address and license number of the purchaser;~~ and (6) ~~(7)~~ if a sale of special fuel is made to someone other than a licensed distributor~~, or a licensed supplier,~~ for a use other than in motor vehicles, by making a specific notation thereof on the invoice or sales slip covering such sales and obtaining such

supporting documentation as may be required by the Department.

All special fuel sold or used for non-highway purposes must have a dye added in accordance with Section 4d of this Law.

A person whose license to act as a distributor of motor fuel has been revoked shall make a return to the Department covering the period from the date of the last return to the date of the revocation of the license, which return shall be delivered to the Department not later than 10 days from the date of the revocation or termination of the license of such distributor; the return shall in all other respects be subject to the same provisions and conditions as returns by distributors licensed under the provisions of this Act.

The records, waybills and supporting documents kept by railroads and other common carriers in the regular course of business shall be prima facie evidence of the contents and receipt of cars or tanks covered by those records, waybills or supporting documents.

If the Department has reason to believe and does believe that the amount shown on the return as purchased, acquired, received, exported, sold, used, lost or destroyed is incorrect, or that an amount of motor fuel of the types required by the second paragraph of this Section to be reported to the Department has not been correctly reported the Department shall fix an amount for such receipt, sales, export, use, loss or destruction according to its best

judgment and information, which amount so fixed by the Department shall be prima facie correct. All returns shall be made on forms prepared and furnished by the Department, and shall contain such other information as the Department may reasonably require. The return must be accompanied by appropriate computer-generated magnetic media supporting schedule data in the format required by the Department, unless, as provided by rule, the Department grants an exception upon petition of a taxpayer. All licensed distributors shall report all losses of motor fuel sustained on account of fire, theft, spillage, spoilage, leakage, or any other provable cause when filing the return for the period during which the loss occurred. If the distributor reports losses due to fire or theft, then the distributor must include fire department or police department reports and any other documentation that the Department may require. The mere making of the report does not assure the allowance of the loss as a reduction in tax liability. Losses of motor fuel as the result of evaporation or shrinkage due to temperature variations may not exceed 1% of the total gallons in storage at the beginning of the month, plus the receipts of gallonage during the month, minus the gallonage remaining in storage at the end of the month. Any loss reported that is in excess of 1% shall be subject to the tax imposed by Section 2 of this Law. On and after July 1, 2001, for each 6-month period January through June, net losses of motor fuel (for each category of motor fuel

that is required to be reported on a return) as the result of evaporation or shrinkage due to temperature variations may not exceed 1% of the total gallons in storage at the beginning of each January, plus the receipts of gallonage each January through June, minus the gallonage remaining in storage at the end of each June. On and after July 1, 2001, for each 6-month period July through December, net losses of motor fuel (for each category of motor fuel that is required to be reported on a return) as the result of evaporation or shrinkage due to temperature variations may not exceed 1% of the total gallons in storage at the beginning of each July, plus the receipts of gallonage each July through December, minus the gallonage remaining in storage at the end of each December. Any net loss reported that is in excess of this amount shall be subject to the tax imposed by Section 2 of this Law. For purposes of this Section, "net loss" means the number of gallons gained through temperature variations minus the number of gallons lost through temperature variations or evaporation for each of the respective 6-month periods.

If any payment provided for in this Section exceeds the distributor's liabilities under this Act, as shown on an original return, the Department may authorize the distributor to credit such excess payment against liability subsequently to be remitted to the Department under this Act, in accordance with reasonable rules adopted by the Department. If the Department subsequently determines that all or any part of the

credit taken was not actually due to the distributor, the distributor's discount shall be reduced by an amount equal to the difference between the discount as applied to the credit taken and that actually due, and that distributor shall be liable for penalties and interest on such difference.

(Source: P.A. 100-9, eff. 7-1-17; 100-1171, eff. 1-4-19.)

(35 ILCS 505/6) (from Ch. 120, par. 422)

Sec. 6. Collection of tax; distributors. A distributor who sells or distributes any motor fuel, which he is required by Section 5 to report to the Department when filing a return, shall (except as hereinafter provided) collect at the time of such sale and distribution, the amount of tax imposed under this Act on all such motor fuel sold and distributed, and at the time of making a return, the distributor shall pay to the Department the amount so collected less a discount of 2% through June 30, 2003 and 1.75% thereafter which is allowed to reimburse the distributor for the expenses incurred in keeping records, preparing and filing returns, collecting and remitting the tax and supplying data to the Department on request, and shall also pay to the Department an amount equal to the amount that would be collectible as a tax in the event of a sale thereof on all such motor fuel used by said distributor during the period covered by the return. However, no payment shall be made based upon dyed diesel fuel used by the distributor for non-highway purposes. The discount shall

only be applicable to the amount of tax payment which accompanies a return which is filed timely in accordance with Section 5 of this Act. In each subsequent sale of motor fuel on which the amount of tax imposed under this Act has been collected as provided in this Section, the amount so collected shall be added to the selling price, so that the amount of tax is paid ultimately by the user of the motor fuel. However, no collection or payment shall be made in the case of the sale or use of any motor fuel to the extent to which such sale or use of motor fuel may not, under the constitution and statutes of the United States, be made the subject of taxation by this State. A person whose license to act as a distributor of fuel has been revoked shall, at the time of making a return, also pay to the Department an amount equal to the amount that would be collectible as a tax in the event of a sale thereof on all motor fuel, which he is required by the second paragraph of Section 5 to report to the Department in making a return, and which he had on hand on the date on which the license was revoked, and with respect to which no tax had been previously paid under this Act.

A distributor may make tax free sales of motor fuel, with respect to which he is otherwise required to collect the tax, only as specified in the following items 1 through 7.

1. When the sale is made to a person holding a valid unrevoked license as a distributor, by making a specific notation thereof on invoices or sales slip covering each

sale.

2. When the sale is made with delivery to a purchaser outside of this State.

3. When the sale is made to the Federal Government or its instrumentalities.

4. When the sale is made to a municipal corporation owning and operating a local transportation system for public service in this State when an official certificate of exemption is obtained in lieu of the tax.

5. When the sale is made to a privately owned public utility owning and operating 2 axle vehicles designed and used for transporting more than 7 passengers, which vehicles are used as common carriers in general transportation of passengers, are not devoted to any specialized purpose and are operated entirely within the territorial limits of a single municipality or of any group of contiguous municipalities, or in a close radius thereof, and the operations of which are subject to the regulations of the Illinois Commerce Commission, when an official certificate of exemption is obtained in lieu of the tax.

6. (Blank). ~~When a sale of special fuel is made to a person holding a valid, unrevoked license as a supplier, by making a specific notation thereof on the invoice or sales slip covering each such sale.~~

7. When a sale of dyed diesel fuel is made by the

licensed distributor to the end user of the fuel who is not a licensed distributor ~~or a licensed supplier~~ for non-highway purposes and the fuel is (i) delivered from a vehicle designed for the specific purpose of such sales and delivered directly into a stationary bulk storage tank that displays the notice required by Section 4f of this Act, (ii) delivered from a vehicle designed for the specific purpose of such sales and delivered directly into the fuel supply tanks of non-highway vehicles that are not required to be registered for highway use, or (iii) dispensed from a dyed diesel fuel dispensing facility that has withdrawal facilities that are not readily accessible to and are not capable of dispensing dyed diesel fuel into the fuel supply tank of a motor vehicle.

A specific notation is required on the invoice or sales slip covering such sales, and any supporting documentation that may be required by the Department must be obtained by the distributor. The distributor shall obtain and keep the supporting documentation in such form as the Department may require by rule.

For purposes of this item 7, a dyed diesel fuel dispensing facility is considered to have withdrawal facilities that are "not readily accessible to and not capable of dispensing dyed diesel fuel into the fuel supply tank of a motor vehicle" only if the dyed diesel fuel is delivered from: (i) a dispenser hose that is short

enough so that it will not reach the fuel supply tank of a motor vehicle or (ii) a dispenser that is enclosed by a fence or other physical barrier so that a vehicle cannot pull alongside the dispenser to permit fueling.

8. (Blank).

All special fuel sold or used for non-highway purposes must have a dye added in accordance with Section 4d of this Law.

All suits or other proceedings brought for the purpose of recovering any taxes, interest or penalties due the State of Illinois under this Act may be maintained in the name of the Department.

(Source: P.A. 102-1019, eff. 5-27-22.)

(35 ILCS 505/7) (from Ch. 120, par. 423)

Sec. 7. Any person who is ~~,~~ not licensed as a receiver or ~~,~~ distributor and who purchases ~~or supplier, purchasing~~ fuel or motor fuel as to which there has been no charge made to him of the tax imposed by Section 2 or 2a, or both, shall make payment of the tax imposed by Section 2a of this Act and if the same be thereafter used in the operation of a motor vehicle upon the public highways, make payment of the motor fuel tax computed at the rate prescribed in Section 2 of this Act on the amount so used, such payment to be made to the Department not later than the 20th day of the month succeeding the month in which the motor fuel was so used.

This Section does not apply in cases of such use of motor fuel which was obtained tax-free under an official certificate of exemption mentioned in Sections 6 and 6a of this Act.
(Source: P.A. 86-125.)

(35 ILCS 505/11.5) (from Ch. 120, par. 427a)

Sec. 11.5. In the event that liability upon the bond filed by a distributor~~, supplier,~~ or receiver with the Department shall be discharged or reduced, whether by judgment rendered, payment made or otherwise, or if in the opinion of the Department the bond of any distributor~~, supplier,~~ or receiver theretofore given shall become unsatisfactory, then the distributor~~, supplier,~~ or receiver shall forthwith, upon the written demand of the Department, file a new bond in the same manner and form and in an amount and with sureties satisfactory to the Department, failing which the Department shall forthwith revoke the license of the distributor~~,~~ ~~supplier,~~ or receiver.

If such new bond shall be furnished by the distributor~~,~~ ~~supplier,~~ or receiver as above provided, the Department shall cancel the bond for which such new bond shall be substituted.

Any surety on any bond furnished by any distributor~~,~~ ~~supplier,~~ or receiver shall be released and discharged from any and all liability to the State of Illinois accruing on such bond after the expiration of 60 days from the date upon which such surety shall have filed with the Department written

request so to be released and discharged. But such request shall not operate to relieve, release or discharge such surety from any liability already accrued, or which shall accrue, before the expiration of said 60-day period. The Department shall, promptly on receipt of such request, notify the distributor~~, supplier,~~ or receiver and, unless such distributor~~, supplier,~~ or receiver shall on or before the expiration of such 60-day period file with the Department a new bond with a surety or sureties satisfactory to the Department in the amount and form hereinbefore provided, the Department shall forthwith cancel the license of such distributor~~, supplier,~~ or receiver. If such new bond shall be furnished by said distributor~~, supplier,~~ or receiver as above provided, the Department shall cancel the bond for which such new bond shall be substituted.

(Source: P.A. 91-173, eff. 1-1-00.)

(35 ILCS 505/12) (from Ch. 120, par. 428)

Sec. 12. It is the duty of every distributor and ~~,~~ receiver~~, and supplier~~ under this Act to keep within this State or at some office outside this State for any period for which the Department is authorized to issue a Notice of Tax Liability to the distributor or ~~,~~ receiver~~, or supplier~~ records and books showing all purchases, receipts, losses through any cause, sales, distribution and use of motor fuel, aviation fuels, home heating oils, and kerosene, and products

used for the purpose of blending to produce motor fuel, which records and books shall, at all times during business hours of the day, be subject to inspection by the Department, or its duly authorized agents and employees. For purposes of this Section, "records" means all data maintained by the taxpayer including data on paper, microfilm, microfiche or any type of machine-sensible data compilation. The Department may, in its discretion, prescribe reasonable and uniform methods for keeping of records and books by licensees and that set forth requirements for the form and format of records that must be maintained in order to comply with any recordkeeping requirement under this Act.

(Source: P.A. 91-173, eff. 1-1-00.)

(35 ILCS 505/12a) (from Ch. 120, par. 428a)

Sec. 12a. (a) Any duly authorized agent or employee of the Department shall have authority to enter in or upon the premises of any manufacturer, vendor, dealer, retailer, distributor, receiver, ~~supplier~~ or user of motor fuel or special fuels during the regular business hours in order to examine books, records, invoices, storage tanks, and any other applicable equipment pertaining to motor fuel, aviation fuels, home heating oils, kerosene, or special fuels, to determine whether or not the taxes imposed by this Act have been paid.

(b) Any duly authorized agent of the Department, upon presenting appropriate credentials and a written notice to the

person who owns, operates, or controls the place to be inspected, shall have the authority to enter any place and to conduct inspections in accordance with subsections (b) through (g) of this Section.

(c) Inspections will be performed in a reasonable manner and at times that are reasonable under the circumstances, taking into consideration the normal business hours of the place to be entered.

(d) Inspections may be at any place at which taxable motor fuel is or may be produced or stored or at any inspection site where evidence of the following activities may be discovered:

(1) Where any dyed diesel fuel is sold or held for sale by any person for any use which the person knows or has reason to know is not a nontaxable use of such fuel.

(2) Where any dyed diesel fuel is held for use or used by any person for a use other than a nontaxable use and the person knew, or had reason to know, that the fuel was dyed according to Section 4d.

(3) Where any person willfully alters, or attempts to alter, the strength or composition of any dye or marking done pursuant to Section 4d of this Law.

The places may include, but are not limited to, the following:

(1) Any terminal.

(2) Any fuel storage facility that is not a terminal.

(3) Any retail fuel facility.

(4) Any designated inspection site.

(e) Duly authorized agents of the Department may physically inspect, examine, or otherwise search any tank, reservoir, or other container that can or may be used for the production, storage, or transportation of fuel, fuel dyes, or fuel markers. Inspection may also be made of any equipment used for, or in connection with, production, storage, or transportation of fuel, fuel dyes, or fuel markers. This includes any equipment used for the dyeing or marking of fuel. This also includes books and records, if any, that are maintained at the place of inspection and are kept to determine tax liability under this Law.

(f) Duly authorized agents of the Department may detain any motor vehicle, train, barge, ship, or vessel for the purpose of inspecting its fuel tanks and storage tanks. Detainment will be either on the premises under inspection or at a designated inspection site. Detainment may continue for a reasonable period of time as is necessary to determine the amount and composition of the fuel.

(g) Duly authorized agents of the Department may take and remove samples of fuel in quantities as are reasonably necessary to determine the composition of the fuel.

(h) (1) Any person that refuses to allow an inspection shall pay a $1,000 penalty for each refusal. This penalty is in addition to any other penalty or tax that may be imposed upon that person or any other person liable for

tax under this Law. All penalties received under this subsection shall be deposited into the Tax Compliance and Administration Fund.

(2) In addition, any licensee who refuses to allow an inspection shall be subject to license revocation as provided by Section 16 of this Law.

(Source: P.A. 91-173, eff. 1-1-00.)

(35 ILCS 505/13) (from Ch. 120, par. 429)

Sec. 13. Refund of tax paid. Any person other than a distributor ~~or supplier,~~ who loses motor fuel through any cause or uses motor fuel (upon which he has paid the amount required to be collected under Section 2 of this Act) for any purpose other than operating a motor vehicle upon the public highways or waters, shall be reimbursed and repaid the amount so paid.

Any person who purchases motor fuel in Illinois and uses that motor fuel in another state and that other state imposes a tax on the use of such motor fuel shall be reimbursed and repaid the amount of Illinois tax paid under Section 2 of this Act on the motor fuel used in such other state. Reimbursement and repayment shall be made by the Department upon receipt of adequate proof of taxes directly paid to another state and the amount of motor fuel used in that state.

Claims based in whole or in part on taxes paid to another state shall include (i) a certified copy of the tax return

filed with such other state by the claimant; (ii) a copy of either the cancelled check paying the tax due on such return, or a receipt acknowledging payment of the tax due on such tax return; and (iii) such other information as the Department may reasonably require. This paragraph shall not apply to taxes paid on returns filed under Section 13a.3 of this Act.

Any person who purchases motor fuel use tax decals as required by Section 13a.4 and pays an amount of fees for such decals that exceeds the amount due shall be reimbursed and repaid the amount of the decal fees that are deemed by the department to be in excess of the amount due. Alternatively, any person who purchases motor fuel use tax decals as required by Section 13a.4 may credit any excess decal payment verified by the Department against amounts subsequently due for the purchase of additional decals, until such time as no excess payment remains.

Claims for such reimbursement must be made to the Department of Revenue, duly verified by the claimant (or by the claimant's legal representative if the claimant has died or become a person under legal disability), upon forms prescribed by the Department. The claim must state such facts relating to the purchase, importation, manufacture or production of the motor fuel by the claimant as the Department may deem necessary, and the time when, and the circumstances of its loss or the specific purpose for which it was used (as the case may be), together with such other information as the

Department may reasonably require. No claim based upon idle time shall be allowed. Claims for reimbursement for overpayment of decal fees shall be made to the Department of Revenue, duly verified by the claimant (or by the claimant's legal representative if the claimant has died or become a person under legal disability), upon forms prescribed by the Department. The claim shall state facts relating to the overpayment of decal fees, together with such other information as the Department may reasonably require. Claims for reimbursement of overpayment of decal fees paid on or after January 1, 2011 must be filed not later than one year after the date on which the fees were paid by the claimant. If it is determined that the Department should reimburse a claimant for overpayment of decal fees, the Department shall first apply the amount of such refund against any tax or penalty or interest due by the claimant under Section 13a of this Act.

Claims for full reimbursement for taxes paid on or before December 31, 1999 must be filed not later than one year after the date on which the tax was paid by the claimant. If, however, a claim for such reimbursement otherwise meeting the requirements of this Section is filed more than one year but less than 2 years after that date, the claimant shall be reimbursed at the rate of 80% of the amount to which he would have been entitled if his claim had been timely filed.

Claims for full reimbursement for taxes paid on or after

January 1, 2000 must be filed not later than 2 years after the date on which the tax was paid by the claimant.

The Department may make such investigation of the correctness of the facts stated in such claims as it deems necessary. When the Department has approved any such claim, it shall pay to the claimant (or to the claimant's legal representative, as such if the claimant has died or become a person under legal disability) the reimbursement provided in this Section, out of any moneys appropriated to it for that purpose.

Any distributor ~~or supplier~~ who has paid the tax imposed by Section 2 of this Act upon motor fuel lost or used by such distributor ~~or supplier~~ for any purpose other than operating a motor vehicle upon the public highways or waters may file a claim for credit or refund to recover the amount so paid. Such claims shall be filed on forms prescribed by the Department. Such claims shall be made to the Department, duly verified by the claimant (or by the claimant's legal representative if the claimant has died or become a person under legal disability), upon forms prescribed by the Department. The claim shall state such facts relating to the purchase, importation, manufacture or production of the motor fuel by the claimant as the Department may deem necessary and the time when the loss or nontaxable use occurred, and the circumstances of its loss or the specific purpose for which it was used (as the case may be), together with such other information as the Department

may reasonably require. Claims must be filed not later than one year after the date on which the tax was paid by the claimant.

The Department may make such investigation of the correctness of the facts stated in such claims as it deems necessary. When the Department approves a claim, the Department shall issue a refund or credit memorandum as requested by the taxpayer, to the distributor ~~or supplier~~ who made the payment for which the refund or credit is being given or, if the distributor ~~or supplier~~ has died or become incompetent, to such distributor's ~~or supplier's~~ legal representative, as such. The amount of such credit memorandum shall be credited against any tax due or to become due under this Act from the distributor ~~or supplier~~ who made the payment for which credit has been given.

Any credit or refund that is allowed under this Section shall bear interest at the rate and in the manner specified in the Uniform Penalty and Interest Act.

In case the distributor ~~or supplier~~ requests and the Department determines that the claimant is entitled to a refund, such refund shall be made only from such appropriation as may be available for that purpose. If it appears unlikely that the amount appropriated would permit everyone having a claim allowed during the period covered by such appropriation to elect to receive a cash refund, the Department, by rule or regulation, shall provide for the payment of refunds in

hardship cases and shall define what types of cases qualify as hardship cases.

In any case in which there has been an erroneous refund of tax or fees payable under this Section, a notice of tax liability may be issued at any time within 3 years from the making of that refund, or within 5 years from the making of that refund if it appears that any part of the refund was induced by fraud or the misrepresentation of material fact. The amount of any proposed assessment set forth by the Department shall be limited to the amount of the erroneous refund.

If no tax is due and no proceeding is pending to determine whether such distributor ~~or supplier~~ is indebted to the Department for tax, the credit memorandum so issued may be assigned and set over by the lawful holder thereof, subject to reasonable rules of the Department, to any other licensed distributor ~~or supplier~~ who is subject to this Act, and the amount thereof applied by the Department against any tax due or to become due under this Act from such assignee.

If the payment for which the distributor's ~~or supplier's~~ claim is filed is held in the protest fund of the State Treasury during the pendency of the claim for credit proceedings pursuant to the order of the court in accordance with Section 2a of the State Officers and Employees Money Disposition Act and if it is determined by the Department or by the final order of a reviewing court under the Administrative

Review Law that the claimant is entitled to all or a part of the credit claimed, the claimant, instead of receiving a credit memorandum from the Department, shall receive a cash refund from the protest fund as provided for in Section 2a of the State Officers and Employees Money Disposition Act.

If any person ceases to be licensed as a distributor ~~or supplier~~ while still holding an unused credit memorandum issued under this Act, such person may, at his election (instead of assigning the credit memorandum to a licensed distributor ~~or licensed supplier~~ under this Act), surrender such unused credit memorandum to the Department and receive a refund of the amount to which such person is entitled.

For claims based upon taxes paid on or before December 31, 2000, a claim based upon the use of undyed diesel fuel shall not be allowed except (i) if allowed under the following paragraph or (ii) for undyed diesel fuel used by a commercial vehicle, as that term is defined in Section 1-111.8 of the Illinois Vehicle Code, for any purpose other than operating the commercial vehicle upon the public highways and unlicensed commercial vehicles operating on private property. Claims shall be limited to commercial vehicles that are operated for both highway purposes and any purposes other than operating such vehicles upon the public highways.

For claims based upon taxes paid on or after January 1, 2000, a claim based upon the use of undyed diesel fuel shall not be allowed except (i) if allowed under the preceding

paragraph or (ii) for claims for the following:

(1) Undyed diesel fuel used (i) in a manufacturing process, as defined in Section 2-45 of the Retailers' Occupation Tax Act, wherein the undyed diesel fuel becomes a component part of a product or by-product, other than fuel or motor fuel, when the use of dyed diesel fuel in that manufacturing process results in a product that is unsuitable for its intended use or (ii) for testing machinery and equipment in a manufacturing process, as defined in Section 2-45 of the Retailers' Occupation Tax Act, wherein the testing takes place on private property.

(2) Undyed diesel fuel used by a manufacturer on private property in the research and development, as defined in Section 1.29, of machinery or equipment intended for manufacture.

(3) Undyed diesel fuel used by a single unit self-propelled agricultural fertilizer implement, designed for on and off road use, equipped with flotation tires and specially adapted for the application of plant food materials or agricultural chemicals.

(4) Undyed diesel fuel used by a commercial motor vehicle for any purpose other than operating the commercial motor vehicle upon the public highways. Claims shall be limited to commercial motor vehicles that are operated for both highway purposes and any purposes other than operating such vehicles upon the public highways.

(5) Undyed diesel fuel used by a unit of local government in its operation of an airport if the undyed diesel fuel is used directly in airport operations on airport property.

(6) Undyed diesel fuel used by refrigeration units that are permanently mounted to a semitrailer, as defined in Section 1.28 of this Law, wherein the refrigeration units have a fuel supply system dedicated solely for the operation of the refrigeration units.

(7) Undyed diesel fuel used by power take-off equipment as defined in Section 1.27 of this Law.

(8) Beginning on the effective date of this amendatory Act of the 94th General Assembly, undyed diesel fuel used by tugs and spotter equipment to shift vehicles or parcels on both private and airport property. Any claim under this item (8) may be made only by a claimant that owns tugs and spotter equipment and operates that equipment on both private and airport property. The aggregate of all credits or refunds resulting from claims filed under this item (8) by a claimant in any calendar year may not exceed $100,000. A claim may not be made under this item (8) by the same claimant more often than once each quarter. For the purposes of this item (8), "tug" means a vehicle designed for use on airport property that shifts custom-designed containers of parcels from loading docks to aircraft, and "spotter equipment" means a vehicle

designed for use on both private and airport property that shifts trailers containing parcels between staging areas and loading docks.

Any person who has paid the tax imposed by Section 2 of this Law upon undyed diesel fuel that is unintentionally mixed with dyed diesel fuel and who owns or controls the mixture of undyed diesel fuel and dyed diesel fuel may file a claim for refund to recover the amount paid. The amount of undyed diesel fuel unintentionally mixed must equal 500 gallons or more. Any claim for refund of unintentionally mixed undyed diesel fuel and dyed diesel fuel shall be supported by documentation showing the date and location of the unintentional mixing, the number of gallons involved, the disposition of the mixed diesel fuel, and any other information that the Department may reasonably require. Any unintentional mixture of undyed diesel fuel and dyed diesel fuel shall be sold or used only for non-highway purposes.

The Department shall promulgate regulations establishing specific limits on the amount of undyed diesel fuel that may be claimed for refund.

For purposes of claims for refund, "loss" means the reduction of motor fuel resulting from fire, theft, spillage, spoilage, leakage, or any other provable cause, but does not include a reduction resulting from evaporation, or shrinkage due to temperature variations. In the case of losses due to fire or theft, the claimant must include fire department or

police department reports and any other documentation that the Department may require.

(Source: P.A. 100-1171, eff. 1-4-19.)

(35 ILCS 505/14a) (from Ch. 120, par. 430.1)

Sec. 14a. The Department of Revenue may enter into reciprocal agreements with the appropriate officials of any other state under which the Department may waive all or any part of the requirements imposed by the laws of this State upon those who use or consume motor fuel in Illinois upon which a tax has been paid to such other state, provided that the officials of such other state grant equivalent privileges with respect to motor fuel used in such other state but upon which the tax has been paid to Illinois.

The Department may enter the International Fuel Tax Agreement or other cooperative compacts or agreements with other states or jurisdictions to permit base state or base jurisdiction licensing of persons using motor fuel in this State. Those agreements may provide for the cooperation and assistance among member states in the administration and collection of motor fuel tax, including, but not limited to, exchanges of information, auditing and assessing of interstate carriers ~~and suppliers~~, and any other activities necessary to further uniformity.

Pursuant to federal mandate, upon membership in the International Fuel Tax Agreement ("Agreement"), the motor fuel

use tax imposed upon Commercial Motor Vehicles required to be registered under the terms of the Agreement shall be administered according to the terms of the Agreement, as now and hereafter amended. Illinois shall not establish, maintain, or enforce any law or regulation that has fuel use tax reporting requirements or that provides for the payment of a fuel use tax, unless that law or regulation is in conformity with the Agreement.

The Department shall adopt rules and regulations to implement the provisions of the Agreement.

(Source: P.A. 88-480.)

(35 ILCS 505/15) (from Ch. 120, par. 431)

Sec. 15. 1. Any person who knowingly acts as a distributor of motor fuel ~~or supplier of special fuel~~, or receiver of fuel without having a license so to do, or who knowingly fails or refuses to file a return with the Department as provided in Section 2b, Section 5, or Section 5a of this Act, or who knowingly fails or refuses to make payment to the Department as provided either in Section 2b, Section 6, Section 6a, or Section 7 of this Act, shall be guilty of a Class 3 felony. Each day any person knowingly acts as a distributor of motor fuel~~, supplier of special fuel,~~ or receiver of fuel without having a license so to do or after such a license has been revoked, constitutes a separate offense.

2. Any person who acts as a motor carrier without having a

valid motor fuel use tax license, issued by the Department or by a member jurisdiction under the provisions of the International Fuel Tax Agreement, or a valid single trip permit is guilty of a Class A misdemeanor for a first offense and is guilty of a Class 4 felony for each subsequent offense. Any person (i) who fails or refuses to make payment to the Department as provided in Section 13a.1 of this Act or in the International Fuel Tax Agreement referenced in Section 14a, or (ii) who fails or refuses to make the quarterly return as provided in Section 13a.3 is guilty of a Class 4 felony; and for each subsequent offense, such person is guilty of a Class 3 felony.

3. In case such person acting as a distributor, receiver, ~~supplier,~~ or motor carrier is a corporation, then the officer or officers, agent or agents, employee or employees, of such corporation responsible for any act of such corporation, or failure of such corporation to act, which acts or failure to act constitutes a violation of any of the provisions of this Act as enumerated in paragraphs 1 and 2 of this Section, shall be punished by such fine or imprisonment, or by both such fine and imprisonment as provided in those paragraphs.

3.5. Any person who knowingly enters false information on any supporting documentation required to be kept by Section 6 or 6a of this Act is guilty of a Class 3 felony.

3.7. Any person who knowingly attempts in any manner to evade or defeat any tax imposed by this Act or the payment of

any tax imposed by this Act is guilty of a Class 2 felony.

4. Any person who refuses, upon demand, to submit for inspection, books and records, or who fails or refuses to keep books and records in violation of Section 12 of this Act, or any distributor or ~~,~~ receiver~~, or supplier~~ who violates any reasonable rule or regulation adopted by the Department for the enforcement of this Act is guilty of a Class A misdemeanor. Any person who acts as a blender in violation of Section 3 of this Act is guilty of a Class 4 felony.

5. Any person licensed under Section 13a.4, 13a.5, or the International Fuel Tax Agreement who: (a) fails or refuses to keep records and books, as provided in Section 13a.2 or as required by the terms of the International Fuel Tax Agreement, (b) refuses upon demand by the Department to submit for inspection and examination the records required by Section 13a.2 of this Act or by the terms of the International Fuel Tax Agreement, or (c) violates any reasonable rule or regulation adopted by the Department for the enforcement of this Act, is guilty of a Class A misdemeanor.

6. Any person who makes any false return or report to the Department as to any material fact required by Sections 2b, 5, 5a, 7, 13, or 13a.3 of this Act or by the International Fuel Tax Agreement is guilty of a Class 2 felony.

7. A prosecution for any violation of this Section may be commenced anytime within 5 years of the commission of that violation. A prosecution for tax evasion as set forth in

paragraph 3.7 of this Section may be prosecuted any time within 5 years of the commission of the last act in furtherance of evasion. The running of the period of limitations under this Section shall be suspended while any proceeding or appeal from any proceeding relating to the quashing or enforcement of any grand jury or administrative subpoena issued in connection with an investigation of the violation of any provision of this Act is pending.

8. Any person who provides false documentation required by any Section of this Act is guilty of a Class 4 felony.

9. Any person filing a fraudulent application or order form under any provision of this Act is guilty of a Class A misdemeanor. For each subsequent offense, the person is guilty of a Class 4 felony.

10. Any person who acts as a motor carrier and who fails to carry a manifest as provided in Section 5.5 is guilty of a Class A misdemeanor. For each subsequent offense, the person is guilty of a Class 4 felony.

11. Any person who knowingly sells or attempts to sell dyed diesel fuel for highway use or for use by recreational-type watercraft on the waters of this State is guilty of a Class 4 felony. For each subsequent offense, the person is guilty of a Class 2 felony.

12. Any person who knowingly possesses dyed diesel fuel for highway use or for use by recreational-type watercraft on the waters of this State is guilty of a Class A misdemeanor.

For each subsequent offense, the person is guilty of a Class 4 felony.

13. Any person who sells or transports dyed diesel fuel without the notice required by Section 4e shall pay the following penalty:

First occurrence ..... $ 500

Second and each occurrence thereafter $1,000

14. Any person who owns, operates, or controls any container, storage tank, or facility used to store or distribute dyed diesel fuel without the notice required by Section 4f shall pay the following penalty:

First occurrence ..... $ 500

Second and each occurrence thereafter $1,000

15. If a motor vehicle required to be registered for highway purposes is found to have dyed diesel fuel within the ordinary fuel tanks attached to the motor vehicle or if a recreational-type watercraft on the waters of this State is found to have dyed diesel fuel within the ordinary fuel tanks attached to the watercraft, the operator shall pay the following penalty:

First occurrence $1,000

Second and each occurrence thereafter $5,000

16. Any licensed motor fuel distributor ~~or licensed supplier~~ who sells or attempts to sell dyed diesel fuel for highway use or for use by recreational-type watercraft on the waters of this State shall pay the following penalty:

First occurrence $1,000

Second and each occurrence thereafter $5,000

17. Any person who knowingly sells or distributes dyed diesel fuel without the notice required by Section 4e is guilty of a petty offense. For each subsequent offense, the person is guilty of a Class A misdemeanor.

18. Any person who knowingly owns, operates, or controls any container, storage tank, or facility used to store or distribute dyed diesel fuel without the notice required by Section 4f is guilty of a petty offense. For each subsequent offense the person is guilty of a Class A misdemeanor.

For purposes of this Section, dyed diesel fuel means any dyed diesel fuel whether or not dyed pursuant to Section 4d of this Law.

Any person aggrieved by any action of the Department under item 13, 14, 15, or 16 of this Section may protest the action by making a written request for a hearing within 60 days of the original action. If the hearing is not requested in writing within 60 days, the original action is final.

All penalties received under items 13, 14, 15, and 16 of this Section shall be deposited into the Tax Compliance and Administration Fund.

(Source: P.A. 102-851, eff. 1-1-23.)

(35 ILCS 505/16) (from Ch. 120, par. 432)

Sec. 16. The Department may, after 5 days' notice, revoke

the distributor's or ~~,~~ receiver's~~, or supplier's~~ license or permit of any person (1) who does not operate as a distributor or ~~,~~ receiver~~, supplier~~ (a) under Sections 1.2~~, 1.14,~~ or 1.20, (2) who violates any provision of this Act or any rule or regulation promulgated by the Department under Section 14 of this Act, or (3) who refuses to allow any inspection or test authorized by this Law.

Any person whose returns for 2 or more consecutive months do not show sufficient taxable sales to indicate an active business as a distributor or ~~,~~ receiver~~, or supplier~~ shall be deemed to not be operating as a distributor or ~~,~~ receiver~~, or supplier~~ as defined in Sections 1.2~~, 1.14~~ or 1.20.

The Department may, after 5 days notice, revoke any distributor's or ~~,~~ receiver's~~, or supplier's~~ license of a person who is registered as a reseller of motor fuel pursuant to Section 2a or 2c of the Retailers' Occupation Tax Act and who fails to collect such prepaid tax on invoiced gallons of motor fuel sold or who fails to deliver a statement of tax paid to the purchaser or to the Department as required by Sections 2d and 2e of the Retailers' Occupation Tax Act.

The Department may, on notice given by registered mail, cancel a Blender's Permit for any violation of any provisions of this Act or for noncompliance with any rule or regulation made by the Department under Section 14 of this Act.

The Department, upon complaint filed in the circuit court, may, by injunction, restrain any person who fails or refuses

to comply with the provisions of this Act from acting as a blender or distributor of motor fuel~~, supplier of special fuel,~~ or as a receiver of fuel in this State.

The Department may revoke the motor fuel use tax license of a motor carrier registered under Section 13a.4, or that is required to be registered under the terms of the International Fuel Tax Agreement, that violates any provision of this Act or any rule promulgated by the Department under Sections 14 or 14a of this Act. Motor fuel use tax licenses that have been revoked are subject to a $100 reinstatement fee.

Licensees registered or required to be registered under Section 13a.4, or persons required to obtain single trip permits under Section 13a.5, may protest any action or audit finding made by the Department by making a written request for a hearing within 30 days after service of the notice of the original action or finding. If the hearing is not requested within 30 days in writing, the original finding or action is final. Once a hearing has been properly requested, the Department shall give at least 20 days written notice of the time and place of the hearing.

(Source: P.A. 94-1074, eff. 12-26-06.)

(35 ILCS 505/1.14 rep.)

(35 ILCS 505/3a rep.)

(35 ILCS 505/5a rep.)

(35 ILCS 505/6a rep.)

Section 55-10. The Motor Fuel Tax Law is amended by repealing Sections 1.14, 3a, 5a, and 6a.

ARTICLE 65

Section 65-5. The Electric Vehicle Rebate Act is amended by changing Sections 10, 15, 27, and 40 as follows:

(415 ILCS 120/10)

Sec. 10. Definitions. As used in this Act:

"Agency" means the Environmental Protection Agency.

"Covered Area" means the counties of Cook, DuPage, Kane, Lake, McHenry, and Will, the townships of Aux Sable and Goose Lake in Grundy County, and the township of Oswego in Kendall County.

"Electric vehicle" means a vehicle that is exclusively powered by and refueled by electricity, must be plugged in to charge, and is legally permitted ~~licensed~~ to drive on all public roadways, including interstate highways. "Electric Vehicle" does not include ~~electric mopeds,~~ electric ~~off-highway~~ vehicles primarily intended to be driven off-highway, including golf carts and electric vehicles with a maximum speed below 45 miles per hour, or hybrid electric vehicles and extended-range electric vehicles that are also equipped with conventional fueled propulsion or auxiliary engines.

"Eligible applicant" means persons and families whose income does not exceed 500% of the federal poverty line for the current State fiscal year and who may not be claimed as a dependent.

"Eligible vehicle" means an electric vehicle, as defined by this Act, with a selling price not exceeding $80,000 as shown on the bill of sale, that has not previously received a rebate under this Act. For the purposes of this Act, State and local taxes, license and registration fees, documentary service fees, and aftermarket products, including, but not limited to, extended warranties, service contracts, and other voluntary vehicle protection products, are excluded from the calculation of the selling price if separately itemized on the bill of sale.

~~"Environmental justice community" has the same meaning, based on existing methodologies and findings, used and as may be updated by the Illinois Power Agency and its Program Administrator of the Illinois Solar for All Program.~~

"Low-income applicants" ~~"Low income"~~ means persons and families whose income does not exceed 80% of the regional or county ~~State~~ median income for the current State fiscal year, as established by the United States Department of Housing and Urban Development's Illinois Income Limits by metropolitan area and county ~~Health and Human Services~~.

(Source: P.A. 102-662, eff. 9-15-21; 102-820, eff. 5-13-22.)

(415 ILCS 120/15)

Sec. 15. Rulemaking. The Agency shall adopt ~~promulgate~~ rules as necessary and dedicate sufficient resources to implement Section 27 of this Act. Such rules shall be consistent with applicable provisions of the Clean Air Act and any regulations promulgated pursuant thereto. The Secretary of State may adopt ~~promulgate~~ rules to implement Section 35 of this Act.

(Source: P.A. 102-444, eff. 8-20-21; 102-662, eff. 9-15-21; 102-813, eff. 5-13-22.)

(415 ILCS 120/27)

Sec. 27. Electric vehicle rebate.

(a) Beginning July 1, 2022, and continuing as long as funds are available, each eligible applicant ~~person~~ shall be eligible to apply for a rebate, in the amounts set forth below, following the purchase of an eligible electric vehicle in Illinois. The Agency shall accept applications and issue rebates consistent with the provisions of this Act and any implementing regulations adopted by the Agency. In no event shall a rebate amount exceed the purchase price of the vehicle.

(1) Beginning July 1, 2025 ~~2022~~, a $2,000 ~~$4,000~~ rebate for eligible applicants toward the purchase of a new or used ~~an~~ electric vehicle that is not an electric motorcycle and a $1,500 rebate for the purchase of an

electric vehicle that is an electric motorcycle. Low-income applicants are eligible for an additional $2,000 rebate for new or used vehicles that are not electric motorcycles.

(2) (Blank). ~~Beginning July 1, 2026, a $2,000 rebate for the purchase of an electric vehicle that is not an electric motorcycle.~~

(3) Beginning July 1, 2028, a $1,500 rebate for eligible applicants toward the purchase of a new or used ~~an~~ electric vehicle that is not an electric motorcycle and a $750 rebate for the purchase of an electric vehicle that is an electric motorcycle. Low-income applicants are eligible for an additional $1,500 for new or used vehicles that are not electric motorcycles.

(4) (Blank). ~~Beginning July 1, 2022, a $1,500 rebate for the purchase of an electric vehicle that is an electric motorcycle.~~

(b) To be eligible to receive a rebate, a purchaser must:

(1) Reside in Illinois, both at the time the vehicle was purchased and at the time the rebate is issued.

(2) Purchase an electric vehicle in Illinois on or after July 1, 2022 and be the owner of the vehicle at the time the rebate is issued. Rented or leased vehicles, vehicles purchased from an out-of-state dealership, and vehicles delivered to or received by the purchaser out-of-state are not eligible for a rebate under this Act.

(3) Apply for the rebate within 180 ~~90~~ days after the vehicle purchase date, and provide to the Agency proof of residence, proof of vehicle ownership, and proof that the vehicle was purchased in Illinois, including a copy of a purchase agreement noting an Illinois seller. The purchaser must notify the Agency of any changes in residency or ownership of the vehicle that occur between application for a rebate and issuance of a rebate.

(4) Apply for the rebate during an open rebate cycle, as identified by the Agency.

(5) Certify that the purchaser qualifies as an eligible applicant and a low-income applicant, if applicable.

(c) The Agency shall make available in application materials methods for purchasers to identify as low-income applicants. The Agency shall prioritize the review of qualified applications from low-income applicant purchasers and award rebates to qualified purchasers accordingly.

(d) The purchaser must retain ownership of the vehicle for a minimum of 12 consecutive months immediately after the vehicle purchase date. The purchaser must continue to reside in Illinois during that time frame and register the vehicle in Illinois during that time frame. Rebate recipients who fail to satisfy any of the above criteria will be required to reimburse the Agency all or part of the original rebate amount and shall notify the Agency within 60 days of failing to

satisfy the criteria.

(e) Rebates administered under this Section shall be available for both new and used electric vehicles.

(f) A rebate administered under this Act may only be applied for and awarded one time per vehicle identification number. A rebate may only be applied for and awarded once per purchaser in any 10-year period.

(g) For program auditing purposes, the Agency may request from a rebate recipient additional information and documentation evidencing eligibility for a rebate issued on or after July 1, 2025, including copies of income tax returns that corroborate the certification referenced in paragraph (5) of subsection (b). If requested by the Agency, a rebate recipient shall provide the information and documentation within the timeframe specified in the Agency's request. If the rebate recipient fails to provide the information and documentation requested by the Agency by the specified deadline, or if the information and documentation provided evidences that the rebate recipient was not eligible for the rebate or the rebate recipient fails to corroborate the certification referenced in paragraph (5) of subsection (b), the rebate recipient may be required to reimburse the Agency all or part of the original rebate amount.

(Source: P.A. 102-662, eff. 9-15-21; 102-820, eff. 5-13-22.)

(415 ILCS 120/40)

Sec. 40. Appropriations from the Electric Vehicle Rebate Fund.

(a) The Agency shall estimate the amount of user fees expected to be collected under Section 35 of this Act for each fiscal year. User fee funds shall be deposited into and distributed from the Electric Vehicle Rebate Fund in the following manner:

(1) Through fiscal year 2023, an annual amount not to exceed $225,000 may be appropriated to the Agency from the Electric Vehicle Rebate Fund to pay its costs of administering the programs authorized by Section 27 of this Act. Beginning in fiscal year 2024 and in each fiscal year thereafter, an annual amount not to exceed $600,000 may be appropriated to the Agency from the Electric Vehicle Rebate Fund to pay its costs of administering the programs authorized by Section 27 of this Act. An amount not to exceed $225,000 may be appropriated to the Secretary of State from the Electric Vehicle Rebate Fund to pay the Secretary of State's costs of administering the programs authorized under this Act.

(2) In fiscal year 2022 and each fiscal year thereafter, after appropriation of the amounts authorized by item (1) of subsection (a) of this Section, the remaining moneys estimated to be collected during each fiscal year shall be appropriated.

(3) (Blank).

(4) Moneys appropriated to fund the programs authorized in Sections 25 and 30 shall be expended only after they have been collected and deposited into the Electric Vehicle Rebate Fund.

(b) Amounts ~~General Revenue Fund amounts~~ appropriated to and deposited into the Electric Vehicle Rebate Fund from the General Revenue Fund, or any other fund, shall be distributed from the Electric Vehicle Rebate Fund to fund the program authorized in Section 27.

(Source: P.A. 102-662, eff. 9-15-21; 103-8, eff. 6-7-23; 103-363, eff. 7-28-23; 103-605, eff. 7-1-24.)

ARTICLE 70

Section 70-5. The Film Production Services Tax Credit Act of 2008 is amended by changing Section 10 as follows:

(35 ILCS 16/10)

Sec. 10. Definitions. As used in this Act:

"Above-the-line spending" means all salary, wages, fees, and fringe benefits paid for services performed by personnel of the production that are considered above-the-line services in the film and television industry, including, but not limited to, services performed by a producer, executive producer, co-producer, director, screenwriter, lead cast, supporting cast, or day player.

"Accredited production" means: (i) for productions commencing before May 1, 2006, a film, video, or television production that has been certified by the Department in which the aggregate Illinois labor expenditures included in the cost of the production, in the period that ends 12 months after the time principal filming or taping of the production began, exceed $100,000 for productions of 30 minutes or longer, or $50,000 for productions of less than 30 minutes; and (ii) for productions commencing on or after May 1, 2006, a film, video, or television production that has been certified by the Department in which the Illinois production spending included in the cost of production in the period that ends 12 months after the time principal filming or taping of the production began exceeds $100,000 for productions of 30 minutes or longer or exceeds $50,000 for productions of less than 30 minutes. "Accredited production" does not include a production that:

(1) is news, current events, or public programming, or a program that includes weather or market reports;

(2) is a talk show produced for local or regional markets;

(3) (blank);

(4) is a sports event or activity;

(5) is a gala presentation or awards show;

(6) is a finished production that solicits funds;

(7) is a production produced by a film production company if records, as required by 18 U.S.C. 2257, are to

be maintained by that film production company with respect to any performer portrayed in that single media or multimedia program; or

(8) is a production produced primarily for industrial, corporate, or institutional purposes.

"Accredited animated production" means an accredited production in which movement and characters' performances are created using a frame-by-frame technique and a significant number of major characters are animated. Motion capture by itself is not an animation technique.

"Accredited production certificate" means a certificate issued by the Department certifying that the production is an accredited production that meets the guidelines of this Act.

"Applicant" means a taxpayer that is a film production company that is operating or has operated an accredited production located within the State of Illinois and that (i) owns the copyright in the accredited production throughout the Illinois production period or (ii) has contracted directly with the owner of the copyright in the accredited production or a person acting on behalf of the owner to provide services for the production, where the owner of the copyright is not an eligible production corporation.

"Below-the-line spending" means salary, wages, fees, and fringe benefits paid for services performed by a person in a position that is off camera and who provides technical services during the physical production of a film.

"Below-the-line spending" does not include salary, wages, fees, or fringe benefits paid to a person who is a producer, executive producer, co-producer, director, screenwriter, lead cast, supporting cast, or day player, or who performs other services that are customarily considered above-the-line services in the film and television industry.

"Credit" means:

(1) for an accredited production approved by the Department on or before January 1, 2005 and commencing before May 1, 2006, the amount equal to 25% of the Illinois labor expenditure approved by the Department. The applicant is deemed to have paid, on its balance due day for the year, an amount equal to 25% of its qualified Illinois labor expenditure for the tax year. For Illinois labor expenditures generated by the employment of residents of geographic areas of high poverty or high unemployment, as determined by the Department, in an accredited production commencing before May 1, 2006 and approved by the Department after January 1, 2005, the applicant shall receive an enhanced credit of 10% in addition to the 25% credit; and

(2) for an accredited production commencing on or after May 1, 2006 and before January 1, 2009, the amount equal to:

(i) 20% of the Illinois production spending for the taxable year; plus

(ii) 15% of the Illinois labor expenditures generated by the employment of residents of geographic areas of high poverty or high unemployment, as determined by the Department; and

(3) for an accredited production commencing on or after January 1, 2009, the amount equal to:

(i) 30% of the Illinois production spending for the taxable year; plus

(ii) 15% of the Illinois labor expenditures generated by the employment of residents of geographic areas of high poverty or high unemployment, as determined by the Department.

"Department" means the Department of Commerce and Economic Opportunity.

"Director" means the Director of Commerce and Economic Opportunity.

"Fair market value" means:

(1) for unrelated parties, the value established through comparable transactions between unrelated parties for substantially similar goods and services considering the geographic market and other pertinent variables as specified by the Department by rule; and

(2) for related parties, the value established through the related party's historical dealings with unrelated parties or established by comparable transactions between other unrelated parties for substantially similar goods

and services considering the geographic market and other pertinent variables as specified by the Department by rule.

"Illinois labor expenditure" means salary or wages paid to employees of the applicant for services on the accredited production.

To qualify as an Illinois labor expenditure, the expenditure must be:

(1) Reasonable in the circumstances.

(2) Included in the federal income tax basis of the property.

(3) Incurred by the applicant for services on or after January 1, 2004.

(4) Incurred for the production stages of the accredited production, from the final script stage to the end of the post-production stage.

(5) Limited to the first $25,000 of wages paid or incurred to each employee of a production commencing before May 1, 2006 and the first $100,000 of wages paid or incurred to each employee of a production commencing on or after May 1, 2006 and prior to July 1, 2022. For productions commencing on or after July 1, 2022, limited to the first $500,000 of wages paid or incurred to each eligible nonresident or resident employee of a production company or loan out company that provides in-State services to a production, whether those wages are paid or

incurred by the production company, loan out company, or both, subject to withholding payments provided for in Article 7 of the Illinois Income Tax Act. For purposes of calculating Illinois labor expenditures for a television series, the eligible nonresident wage limitations provided under this subparagraph are applied to the entire season. For the purpose of this paragraph (5), an eligible nonresident is a nonresident whose wages qualify as an Illinois labor expenditure under the provisions of paragraph (9) that apply to that production.

(6) For a production commencing before May 1, 2006, exclusive of the salary or wages paid to or incurred for the 2 highest paid employees of the production.

(7) Directly attributable to the accredited production.

(8) (Blank).

(9) Prior to July 1, 2022, paid to persons resident in Illinois at the time the payments were made. For a production commencing on or after July 1, 2022, paid to persons resident in Illinois and nonresidents at the time the payments were made.

For purposes of this subparagraph, if the production is accredited by the Department before the effective date of this amendatory Act of the 102nd General Assembly, only wages paid to nonresidents working in the following positions shall be considered Illinois labor expenditures:

Writer, Director, Director of Photography, Production Designer, Costume Designer, Production Accountant, VFX Supervisor, Editor, Composer, and Actor, subject to the limitations set forth under this subparagraph. For an accredited Illinois production spending of $25,000,000 or less, no more than 2 nonresident actors' wages shall qualify as an Illinois labor expenditure. For an accredited production with Illinois production spending of more than $25,000,000, no more than 4 nonresident actor's wages shall qualify as Illinois labor expenditures.

For purposes of this subparagraph, if the production is accredited by the Department on or after the effective date of this amendatory Act of the 102nd General Assembly, wages paid to nonresidents shall qualify as Illinois labor expenditures only under the following conditions:

(A) the nonresident must be employed in a qualified position;

(B) for each of those accredited productions, the wages of not more than 9 nonresidents who are employed in a qualified position other than Actor shall qualify as Illinois labor expenditures;

(C) for an accredited production with Illinois production spending of $25,000,000 or less, no more than 2 nonresident actors' wages shall qualify as Illinois labor expenditures; and

(D) for an accredited production with Illinois

production spending of more than $25,000,000, no more than 4 nonresident actors' wages shall qualify as Illinois labor expenditures.

As used in this paragraph (9), "qualified position" means: Writer, Director, Director of Photography, Production Designer, Costume Designer, Production Accountant, VFX Supervisor, Editor, Composer, or Actor.

(10) Paid for services rendered in Illinois.

For a production commencing on or after the effective date of this amendatory Act of the 104th General Assembly, "Illinois labor expenditure" does not include:

(1) above-the-line spending exceeding 40% of the total Illinois production spending for the production, unless the Department determines, through a process specified by administrative rule, that inclusion as an Illinois labor expenditure of above-the-line spending for the production in an amount that exceeds 40% of the production's total Illinois production spending is necessary for the production to meet the conditions set forth in subsection (a) of Section 30;

(2) above-the-line spending paid to related parties that exceeds, in the aggregate, 12% of the total Illinois production spending for the production; or

(3) below-the-line spending paid to a related party that exceeds the fair market value of the transaction.

"Illinois production spending" means the expenses incurred

by the applicant for an accredited production that are reasonable under the circumstances, but does not include any monetary prize or the cost of any non-monetary prize awarded pursuant to a production in respect of a game, questionnaire, or contest. "Illinois production spending" includes, without limitation, unless otherwise specified in this definition, all of the following:

(1) expenses to purchase, from vendors within Illinois, tangible personal property that is used in the accredited production;

(2) expenses to acquire services, from vendors in Illinois, for film production, editing, or processing; ~~and~~

(3) for a production commencing before July 1, 2022, the compensation, not to exceed $100,000 for any one employee, for contractual or salaried employees who are Illinois residents performing services with respect to the accredited production. For a production commencing on or after July 1, 2022, Illinois labor expenditure ~~the~~ compensation, not to exceed $500,000 for any one employee, for contractual or salaried employees who are Illinois residents or nonresident employees, subject to the limitations set forth under Section 10 of this Act; and ~~.~~

(4) for a production commencing on or after the effective date of this amendatory Act of the 104th General Assembly, the fair market value of any transaction that (i) is entered into between the taxpayer and a related

party or the taxpayer and an unrelated party, (ii) is for the accredited production, and (iii) has terms that reflect the fair market value of the transaction.

"Loan out company" means a personal service corporation or other entity that is under contract with the taxpayer to provide specified individual personnel, such as artists, crew, actors, producers, or directors for the performance of services used directly in a production. "Loan out company" does not include entities contracted with by the taxpayer to provide goods or ancillary contractor services such as catering, construction, trailers, equipment, or transportation.

"Qualified production facility" means stage facilities in the State in which television shows and films are or are intended to be regularly produced and that contain at least one sound stage of at least 15,000 square feet.

"Related party" means a party that is deemed to be related to the taxpayer by common ownership or control according to generally accepted accounting standards and generally accepted accounting principles.

"Unrelated party" means a party that is not a related party with respect to the taxpayer.

The Department shall adopt rules to implement the changes made to this Section within one year after the effective date of this amendatory Act of the 104th General Assembly.

~~Rulemaking authority to implement Public Act 95-1006, if~~

~~any, is conditioned on the rules being adopted in accordance with all provisions of the Illinois Administrative Procedure Act and all rules and procedures of the Joint Committee on Administrative Rules; any purported rule not so adopted, for whatever reason, is unauthorized.~~

(Source: P.A. 102-558, eff. 8-20-21; 102-700, eff. 4-19-22; 102-1125, eff. 2-3-23; 103-595, eff. 6-26-24.)

ARTICLE 77

Section 77-1. Short title. This Article may be cited as the Advancing Innovative Manufacturing for Illinois Tax Credit Act. References in this Article to "this Act" mean this Article.

Section 77-5. Purpose. The General Assembly intends that Illinois should lead the nation in manufacturing domestically and internationally demanded goods. Through the support of manufacturers existing within Illinois and those seeking to relocate to Illinois, this Act is intended to spur innovation in growth industries and fast-growing sectors, including: automotive manufacturing; aerospace manufacturing; energy and life sciences; machine manufacturing; fabricated metal manufacturing; chemical manufacturing; robotics; and the production of advanced materials. This Act is intended to create good-paying jobs, generate long-term economic

investment in the Illinois business economy, and ensure that vital products are made in the United States. Illinois must aggressively adopt new business development investment tools so that Illinois can compete with domestic and foreign competitors.

Section 77-10. Definitions. In this Act:

"Advanced manufacturing" means the practice of using innovative technologies and methods to improve a company's ability to be competitive in the manufacturing sector by optimizing all aspects of the value chain, from concept to end-of-life considerations. "Advanced manufacturing" includes, but is not limited to, advanced manufacturing practices adopted by the following industries: clean energy ecosystem businesses; life science businesses; food manufacturing; automotive and aerospace manufacturing; machinery manufacturing; fabricated metal manufacturing; chemical manufacturing; robotics; and advanced materials manufacturing, including nanomaterial manufacturing.

"Advancing Innovative Manufacturing for Illinois Tax Credit" or "Credit" means a credit agreed to between the Department and the applicant under this Act that is based on capital improvements made to a new or existing facility for the purpose of modernizing, upgrading, automating, or streamlining a manufacturing or production process.

"Agreement" means the agreement between a taxpayer and the

Department under the provisions of this Act.

"Applicant" means a taxpayer that: (1) operates a business in Illinois as a manufacturer of critically needed goods; (2) operates a business in Illinois that primarily engages in research and development that will result in the manufacturing of critically needed goods; or (3) is planning to locate a business within the State of Illinois as a manufacturer of critically needed goods or a business in Illinois that primarily engages in research and development that will result in the manufacturing of critically needed goods. For the purposes of this definition, a business primarily engages in research and development if at least 50% of its business activities involve research and development in the manufacturing of critically needed goods.

"Applicant" does not include a taxpayer that closes or substantially reduces, by more than 50%, operations at one location in the State and relocates substantially the same operation to another location in the State. This exclusion does not prohibit a taxpayer from expanding its operations at another location in the State. This exclusion also does not prohibit a taxpayer from moving its operations from one location in the State to another location in the State for the purpose of expanding the operation of the business if the Department determines that expansion cannot reasonably be accommodated within the municipality or county in which the business is located, or, in the case of a business located in

an incorporated area of the county, within the county in which the business is located.

"Capital improvement" means (i) the purchase, renovation, rehabilitation, or construction of permanent tangible land, buildings, structures, equipment, and furnishings at an approved project site in Illinois and (ii) expenditures for goods or services that are normally capitalized, including organizational costs and research and development costs incurred in Illinois. For land, buildings, structures, and equipment that are leased, the term of the lease must equal or exceed the term of the agreement, and the cost of the property shall be determined from the present value, using the corporate interest rate prevailing at the time of the application, of the lease payments.

"Department" means the Department of Commerce and Economic Opportunity.

"Director" means the Director of Commerce and Economic Opportunity.

"Full-time employee" means an individual who is employed for consideration for at least 35 hours each week or who renders any other standard of service generally accepted by industry custom or practice as full-time employment. An individual for whom a W-2 is issued by a Professional Employer Organization (PEO) is a full-time employee if employed in the service of the applicant for consideration for at least 35 hours each week.

"Incremental income tax" means the total amount withheld during the taxable year from the compensation of new employees and, if applicable, retained employees under Article 7 of the Illinois Income Tax Act arising from employment at a project that is the subject of an agreement.

"New employee" means a newly-hired full-time employee employed to work at the project site and whose work is directly related to the project.

"Noncompliance date" means, in the case of a taxpayer that is not complying with the requirements of the agreement or the provisions of this Act, the day following the last date upon which the taxpayer was in compliance with the requirements of the agreement and the provisions of this Act, as determined by the Director.

"Pass-through entity" means an entity that is exempt from the tax under subsection (b) or (c) of Section 205 of the Illinois Income Tax Act.

"Placed in service" means that the facility is in a state or condition of readiness, is available for a specifically assigned function, and is constructed and ready to conduct manufacturing operations.

"Professional employer organization" (PEO) means an employee leasing company, as defined in Section 206.1 of the Illinois Unemployment Insurance Act.

"Program" means the Advancing Innovative Manufacturing for Illinois Tax Credit program established in this Act.

"Project" means a for-profit economic development activity involving advanced manufacturing.

"Related member" means a person that, with respect to the taxpayer during any portion of the taxable year, is any one of the following:

(1) An individual stockholder, if the stockholder and the members of the stockholder's family (as defined in Section 318 of the Internal Revenue Code) own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the value of the taxpayer's outstanding stock.

(2) A partnership, estate, trust and any partner or beneficiary, if the partnership, estate, or trust, and its partners or beneficiaries own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the profits, capital, stock, or value of the taxpayer.

(3) A corporation, and any party related to the corporation in a manner that would require an attribution of stock from the corporation under the attribution rules of Section 318 of the Internal Revenue Code, if the taxpayer owns directly, indirectly, beneficially, or constructively at least 50% of the value of the corporation's outstanding stock.

(4) A corporation and any party related to that corporation in a manner that would require an attribution

of stock from the corporation to the party or from the party to the corporation under the attribution rules of Section 318 of the Internal Revenue Code, if the corporation and all such related parties own in the aggregate at least 50% of the profits, capital, stock, or value of the taxpayer.

(5) A person to or from whom there is an attribution of stock ownership in accordance with Section 1563(e) of the Internal Revenue Code, except, for purposes of determining whether a person is a related member under this paragraph, 20% shall be substituted for 5% wherever 5% appears in Section 1563(e) of the Internal Revenue Code.

"Research and development" means work directed toward the innovation, introduction, and improvement of products and processes in the space of advanced manufacturing.

"Retained employee" means a full-time employee who is employed by the taxpayer before the first day of the term of the agreement, who continues to be employed by the taxpayer during the term of the agreement, and whose job duties are directly and substantially related to the project. For purposes of this definition, "directly and substantially related to the project" means that at least two-thirds of the employee's job duties must be directly related to the project and the employee must devote at least two-thirds of his or her time to the project. The term "retained employee" does not include any individual who has a direct or an indirect

ownership interest of at least 5% in the profits, equity, capital, or value of the taxpayer or a child, grandchild, parent, or spouse, other than a spouse who is legally separated from the individual, of any individual who has a direct or indirect ownership of at least 5% in the profits, equity, capital, or value of the taxpayer.

"Statewide baseline" means the total number of full-time employees of the applicant and any related member employed by such entities in Illinois at the time of application for incentives under this Act.

"Taxpayer" means an individual, corporation, partnership, or other entity that has a legal obligation to pay Illinois income taxes and file an Illinois income tax return.

"Underserved area" means any geographic area as defined in Section 5-5 of the Economic Development for a Growing Economy Tax Credit Act.

Section 77-15. Powers of the Department. The Department, in addition to those powers granted under the Civil Administrative Code of Illinois, is granted and shall have all the powers necessary or convenient to administer the program under this Act and to carry out and effectuate the purposes and provisions of this Act, including, but not limited to, the power and authority to:

(1) adopt rules deemed necessary and appropriate for the administration of the program, the designation of

projects, and the awarding of credits;

(2) establish forms for applications, notifications, contracts, or any other agreements;

(3) accept applications at any time during the year;

(4) assist taxpayers pursuant to the provisions of this Act and cooperate with taxpayers that are parties to agreements under this Act to promote, foster, and support economic development, capital investment, and job creation or retention within the State;

(5) enter into agreements and memoranda of understanding for the participation of, and engage in cooperation with, agencies of the federal government, units of local government, universities, research foundations or institutions, regional economic development corporations, or other organizations to implement the requirements and purposes of this Act;

(6) gather information and conduct inquiries, in the manner and by the methods it deems desirable, including, without limitation, gathering information with respect to applicants for the purpose of making any designations or certifications necessary or desirable or to gather information to assist the Department with any recommendation or guidance in the furtherance of the purposes of this Act;

(7) establish, negotiate, and effectuate agreements and any term, agreement, or other document with any

person, necessary or appropriate to accomplish the purposes of this Act and to consent, subject to the provisions of any agreement with another party, to the modification or restructuring of any agreement to which the Department is a party;

(8) fix, determine, charge, and collect any premiums, fees, charges, costs, and expenses from applicants, including, without limitation, any application fees, commitment fees, program fees, financing charges, or publication fees as deemed appropriate to pay expenses necessary or incident to the administration, staffing, or operation of the Department's activities under this Act, or for preparation, implementation, and enforcement of the terms of the agreement, or for consultation, advisory and legal fees, and other costs; all of those fees and expenses shall be the responsibility of the applicant;

(9) provide for sufficient personnel to permit administration, staffing, operation, and related support required to adequately discharge its duties and responsibilities described in this Act from funds made available through charges to applicants or from funds as may be appropriated by the General Assembly for the administration of this Act;

(10) require applicants, upon written request, to issue any necessary authorization to the appropriate federal, State, or local authority for the release of

information concerning a project being considered under this Act, including, but not be limited to, financial reports, returns, or records relating to the taxpayer or its project;

(11) require that a taxpayer shall, at all times, keep proper books of record and account in accordance with generally accepted accounting principles; any books, records, or papers related to the agreement shall be kept in the custody or control of the taxpayer and shall be open for reasonable Department inspection and audit, including, without limitation, the making of copies of the books, records, or papers and the inspection or appraisal of any of the taxpayer's or project's assets; and

(12) take whatever actions are necessary or appropriate to protect the State's interest in the event of bankruptcy, default, foreclosure, or noncompliance with the terms and conditions of financial assistance or participation required under this Act, including the power to sell, dispose, lease, or rent, upon terms and conditions determined by the Director to be appropriate, real or personal property that the Department may receive as a result of these actions.

Section 77-20. Advancing Innovative Manufacturing for Illinois Tax Credit project applications.

(a) The Advancing Innovative Manufacturing for Illinois

Tax Credit program is hereby established and shall be administered by the Department. The Program will provide investment tax credit incentives to eligible manufacturers of critically demanded goods.

(b) A taxpayer planning a project to be located in Illinois may request consideration for designation of its project as an Advancing Innovative Manufacturing for Illinois Tax Credit program project by formal written letter of request to the Department. The letter must, at a minimum, identify the company name and project location, detail the scope of the project, and specify the amount of intended capital investment in the project, the number of new full-time employees at a designated location in Illinois, the number of retained employees at a project location and across Illinois, and any change in the statewide baseline. As circumstances require, the Department shall require a formal application from an applicant.

(c) The Department of Commerce and Economic Opportunity shall review the merits of each letter provided to evaluate the taxpayer's demonstrated commitment to expanding manufacturing within Illinois, the overall positive fiscal impact of the project on the State, the economic soundness of the project, and the benefit of the project to the people of the State through increased, retained, or improved employment opportunities. In the Department's evaluation of the project, special consideration may be applied to projects located

within underserved areas; projects targeting industries that are vital to the Illinois economy; projects with significant job creation or job retention, or both; and projects with considerable capital improvement investments. At a minimum, the Department shall review project applications that include a capital improvement investment of at least $10,000,000.

(d) A taxpayer may not enter into more than one agreement under this Act with respect to a single address or location for the same period of time. A taxpayer may not enter into an agreement under this Act with respect to a single address or location if the taxpayer also holds an active agreement under the Economic Development for a Growing Economy Tax Credit Act, Reimagining Electric Vehicles in Illinois Tax Credit Act, Manufacturing Illinois Chips for Real Opportunity Act, or Data Center Investment Tax Exemptions and Credits for the same period of time. This provision does not preclude the applicant from entering into an additional agreement after the expiration or voluntary termination of an earlier agreement under this Act or under the Economic Development for a Growing Economy Tax Credit Act, Reimagining Electric Vehicles in Illinois Tax Credit Act, Manufacturing Illinois Chips for Real Opportunity Act, or Data Center Investment Tax Exemptions and Credits to the extent that the taxpayer's application otherwise satisfies the terms and conditions of this Act and is approved by the Department. An applicant with an existing agreement under the Economic Development for a Growing Economy

Tax Credit Act, Reimagining Electric Vehicles in Illinois Tax Credit Act, Manufacturing Illinois Chips for Real Opportunity Act, or Data Center Investment Tax Exemptions and Credits may submit an application for an agreement under this Act after it terminates any existing agreement under the Economic Development for a Growing Economy Tax Credit Act, Reimagining Electric Vehicles in Illinois Tax Credit Act, Manufacturing Illinois Chips for Real Opportunity Act, or Data Center Investment Tax Exemptions and Credits with respect to the same address or location.

Section 77-25. Tax credit awards.

(a) Subject to the conditions set forth in this Act, a taxpayer is entitled to a credit against the tax imposed under subsections (a) and (b) of Section 201 of the Illinois Income Tax Act for taxable years beginning on or after January 1, 2026. The Department may award credits under this Act on and after January 1, 2027.

(b) The credit under this Act shall not exceed 7% of the applicant's total capital improvement investments for the year for which the applicant seeks credit. Credits awarded under this Act shall not reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act to less than zero. Unused credit may be carried forward for a maximum of 10 years for use in future taxable years. Any taxpayer qualifying for credits under this

Act shall not be eligible for the credits under subsections (e), (f), or (h) of Section 201 of the Illinois Income Tax Act for the same expenditures for the same taxable period.

(c) The Department shall certify to the Department of Revenue: (1) the identity of taxpayers that are eligible to receive tax credits under this Act and (2) the amount of the credits awarded in each calendar year. Credits so earned and certified by the Department may be applied against the tax imposed by Section subsections (a) and (b) of Section 201 of the Illinois Income Tax Act for taxable years beginning on or after January 1, 2026.

(d) Any applicant issued a certificate for a tax credit under this Act must report to the Department the total project tax benefits received. Reports are due no later than April 15 of the year in which the applicant is seeking the credit and shall cover the entire project period. Failure to report data may result in ineligibility to receive incentives. The Department, in consultation with the Department of Revenue, is authorized to adopt rules governing ineligibility to receive exemptions, including the length of ineligibility. Factors to be considered in determining whether a business is ineligible include, but are not limited to, prior compliance with the reporting requirements, cooperation in discontinuing and correcting violations, the extent of the violation, and whether the violation was willful or inadvertent.

(e) The Department shall determine the amount and duration

of the credit awarded under this Act, subject to the limitations set forth in this Act. The credit amount shall be determined based on the total amount of the capital improvement investment made by the taxpayer. A capital improvement investment of $10,000,000 or more but less than $50,000,000 shall result in a maximum credit of 3% of the capital improvement amount; a capital improvement investment of $50,000,000 or more but less than $100,000,000 shall result in a maximum credit of 5% of the capital improvement amount; a capital improvement investment of $100,000,000 or more shall result in a maximum credit of 7% of the capital improvement amount. Projects may be granted a tax credit award that reflects investments made within a maximum 5-year period. Each program agreement will detail a specific placed-in-service date by which the company must complete the project investment. Credit for a project shall be issued after the project is placed in service.

(f) Nothing in this Section shall prevent the Department, in consultation with the Department of Revenue, from adopting rules to extend the sunset of any earned, existing, and unused tax credit or credits awarded under this Act that a taxpayer may be in possession of.

Section 77-30. Contents of agreements with applicants.

(a) The Department shall enter into an agreement with an applicant that is awarded a credit under this Act. The

agreement shall include all of the following:

(1) a detailed description of the project that is the subject of the agreement, including the location and amount of the investment and jobs created or retained;

(2) the duration of the credit, the first taxable year for which the credit may be awarded, and the first taxable year in which the credit may be used by the taxpayer;

(3) the maximum allowable credit as a percentage of the project's total capital investment;

(4) a requirement that the taxpayer shall maintain operations at the project location for a minimum of 15 years;

(5) a requirement that the taxpayer shall, at the time that the project is placed in service, report to the Department the number of new employees, the number of retained employees, and the total capital improvement investment of the project, and any other information the Department deems necessary and appropriate to perform its duties under this Act;

(6) a requirement authorizing the Director to verify with the appropriate State agencies the amounts reported under paragraph (5), and, after doing so, to issue a certificate to the taxpayer stating that the amounts have been verified;

(7) a requirement that the taxpayer shall provide written notification to the Director not more than 30 days

after the taxpayer makes or receives a proposal that would transfer the taxpayer's State tax liability obligations to a successor taxpayer;

(8) a detailed description of the number of new employees to be hired, and the occupation and payroll of full-time jobs to be created or retained because of the project;

(9) the minimum investment the taxpayer will make in capital improvements, the time period for which the project may claim credit, and the designated location in Illinois for the investment;

(10) a requirement that the taxpayer shall provide written notification to the Director and the Director's designee not more than 30 days after the taxpayer determines that the minimum job creation or retention, employment payroll, or investment no longer is or will be achieved or maintained as set forth in the terms and conditions of the agreement. Additionally, the notification should outline to the Department the number of layoffs, date of the layoffs, and detail taxpayer's efforts to provide career and training counseling for the impacted workers with industry-related certifications and trainings;

(11) a provision that, if the total number of new employees falls below a specified level, the allowance of credit shall be suspended until the number of new

employees equals or exceeds the agreement amount;

(12) a detailed description of the items for which the costs incurred by the taxpayer will be included in the limitation on the credit;

(13) a provision stating that if the taxpayer ceases principal operations with the intent to permanently shut down the project in the State during the term of the agreement, then the entire credit amount awarded to the taxpayer prior to the date the taxpayer ceases principal operations shall be returned to the Department and shall be reallocated to the local workforce investment area in which the project was located; and

(14) any other performance conditions or contract provisions the Department determines are necessary or appropriate.

(b) The Department shall post on its website the terms of each agreement entered into under this Act. The information shall be posted within 10 days after entering into the agreement and must include the following:

(1) the name of the taxpayer;

(2) the location of the project;

(3) the estimated value of the credit;

(4) the number of new employee jobs and, if applicable, number of retained employee jobs at the project; and

(5) whether or not the project is in an underserved

area or energy transition area.

Section 77-35. Certificate of verification; submission to the Department of Revenue.

(a) A taxpayer claiming a credit under this Act shall submit to the Department of Revenue a copy of the Director's certificate of verification under this Act for the taxable year. However, failure to submit a copy of the certificate with the taxpayer's tax return shall not invalidate a claim for a credit.

(b) For a taxpayer to be eligible for a certificate of verification, the taxpayer shall provide proof as required by the Department, prior to the end of each calendar year, including, but not limited to, attestation by the taxpayer that the project has achieved the level of capital improvements in Illinois specified in its agreement.

Section 77-40. Noncompliance; notice; assessment. If the Director determines that a taxpayer who has received a credit under this Act is not complying with the requirements of the agreement or all of the provisions of this Act, the Director shall provide notice to the taxpayer of the alleged noncompliance and allow the taxpayer a hearing under the provisions of the Illinois Administrative Procedure Act. If, after such notice and any hearing, the Director determines that noncompliance exists, the Director shall issue to the

Department of Revenue a notice to that effect, stating the noncompliance date. If, during the term of an agreement, the taxpayer ceases operations at a project location that is the subject of the agreement with the intent to terminate operations in the State, the Department and the Department of Revenue shall recapture from the taxpayer the entire credit amount awarded under that agreement prior to the date the taxpayer ceases operations. The Department shall, subject to appropriation, reallocate the recaptured amounts within 6 months to the local workforce investment area in which the project was located for purposes of workforce development, expanded opportunities for unemployed persons, and expanded opportunities for women and minority persons in the workforce. The taxpayer will be ineligible for future funding under other State tax credit or exemption programs for a 36-month period. Noncompliance with the agreement will result in a default of other agreements for State tax credits and exemption programs for the project.

Section 77-45. Annual report.

(a) On or before July 1 of each year, the Department shall submit a report on the tax credit program under this Act to the Governor and the General Assembly. The report shall include information on the number of agreements that were entered into under this Act during the preceding calendar year, a description of the project that is the subject of each

agreement, an update on the status of projects under agreements entered into before the preceding calendar year, and the sum of the credits awarded under this Act. A copy of the report shall be delivered to the Governor and to each member of the General Assembly.

(b) The report must include, for each agreement:

(1) the original estimates of the value of the credit and the number of new employee jobs to be created and, if applicable, the number of retained employee jobs;

(2) any relevant modifications to existing agreements; and

(3) a copy of the original agreement or link to the agreement on the Department's website.

Section 77-50. Sunset of new agreements. The Department shall not enter into any new agreements under the provisions of this Act after December 31, 2030.

ARTICLE 80

Section 80-900. The Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois is amended by changing Section 605-1115 as follows:

(20 ILCS 605/605-1115)

Sec. 605-1115. Quantum computing campuses.

(a) As used in this Section:

"Data center" means a facility: (1) whose primary services are the storage, management, and processing of digital data; and (2) that is used to house (A) computer and network systems, including associated components such as servers, network equipment and appliances, telecommunications, and data storage systems, (B) systems for monitoring and managing infrastructure performance, (C) Internet-related equipment and services, (D) data communications connections, (E) environmental controls, (F) fire protection systems, and (G) security systems and services.

"Full-time equivalent job" means a job in which an employee works for a tenant of the quantum campus at a rate of at least 35 hours per week. Vacations, paid holidays, and sick time are included in this computation. Overtime is not considered a part of regular hours.

"Quantum computing campus" or "campus" is a contiguous area located in the State of Illinois that is designated by the Department as a quantum computing campus in order to support the demand for quantum computing research, development, and implementation for practical use. A quantum computing campus may include educational institutions ~~intuitions~~, nonprofit research and development organizations, and for-profit organizations serving as anchor tenants and joining tenants that, with approval from the Department, may change. Tenants located at the campus shall have direct and supporting roles

in quantum computing activities. Eligible tenants include quantum computer operators and research facilities, data centers, manufacturers and assemblers of quantum computers and component parts, cryogenic or refrigeration facilities, and other facilities determined, by industry and academic leaders, to be fundamental to the research and development of quantum computing for practical solutions. Quantum computing shall include the research, development, and use of computing methods that generate and manipulate quantum bits in a controlled quantum state. This includes the use of photons, semiconductors, superconductors, trapped ions, and other industry and academically regarded methods for simulating quantum bits. Additionally, a quantum computing campus shall meet the following criteria:

(1) the campus must comprise a minimum of 100 acres ~~one half square mile~~ and not more than 640 acres ~~4 square miles~~;

(2) the campus must contain tenants that demonstrate a substantial plan for using the designation to encourage participation by organizations owned by minorities, women, and persons with disabilities, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, and the hiring of minorities, women, and persons with disabilities;

(3) upon being placed in service, within 60 months after designation or incorporation into a campus, the

owners of property located in a campus shall certify to the Department that the property is carbon neutral or has attained certification under one or more of the following green building standards:

(A) BREEAM for New Construction or BREEAM, In-Use;

(B) ENERGY STAR;

(C) Envision;

(D) ISO 50001-energy management;

(E) LEED for Building Design and Construction, or LEED for Operations and Maintenance;

(F) Green Globes for New Construction, or Green Globes for Existing Buildings;

(G) UL 3223; or

(H) an equivalent program approved by the Department.

(b) Tenants located in a designated quantum computing campus shall qualify for the following exemptions ~~and credits~~:

(1) the Department may certify a taxpayer for an exemption from any State or local use tax or retailers' occupation tax on building materials that will be incorporated into real estate at a quantum computing campus; and

(2) an exemption from the charges imposed under Section 9-222 of the Public Utilities Act, Section 5-10 of the Gas Use Tax Law, Section 2-4 of the Electricity Excise Tax Law, Section 2 of the Telecommunications Excise Tax

Act, Section 10 of the Telecommunications Infrastructure Maintenance Fee Act, and Section 5-7 of the Simplified Municipal Telecommunications Tax Act. ~~; and~~

~~(3) a credit against the taxes imposed under subsections (a) and (b) of Section 201 of the Illinois Income Tax Act as provided in Section 241 of the Illinois Income Tax Act.~~

(c) Each tenant eligible for exemptions under subsection (b) of this Section shall be issued a certificate by the Department. Upon issuing certificates under this Section, the Department shall notify the Department of Revenue of the certificates, and the Department of Revenue shall issue and administer the exemptions listed in subsection (b) of this Section. The duration of those exemptions may not exceed 20 calendar years and one renewal for an additional 20 years. ~~Certificates of exemption and credit certificates under this Section shall be issued by the Department. Upon certification by the Department under this Section, the Department shall notify the Department of Revenue of the certification. The exemption status shall take effect within 3 months after certification of the taxpayer and notice to the Department of Revenue by the Department.~~

(d) Entities seeking to form a quantum computing campus must apply to the Department in the manner specified by the Department. ~~Entities seeking to join an established campus must apply for an amendment to the existing campus. This~~

~~application for amendment must be submitted to the Department with support from other campus members.~~

~~The Department shall determine the duration of certificates of exemption awarded under this Act. The duration of the certificates of exemption may not exceed 20 calendar years and one renewal for an additional 20 years.~~

The Department and any tenant located in a quantum computing campus seeking the benefits under this Section must enter into a memorandum of understanding that, at a minimum, provides:

(1) the details for determining the amount of capital investment to be made;

(2) the number of new jobs created;

(3) the timeline for achieving the capital investment and new job goals;

(4) the repayment obligation should those goals not be achieved and any conditions under which repayment by the tenant or tenants claiming the exemption shall be required;

(5) the duration of the exemptions; and

(6) other provisions as deemed necessary by the Department.

A certificate designating a quantum computing campus shall be issued by the Department to each qualifying campus. The Department shall, within 10 days after the designation of a quantum computing campus, send a letter of notification to

each member of the General Assembly whose legislative district or representative district contains all or part of the designated area.

(e) Beginning on July 1, 2025, and each year thereafter, the Department shall annually report to the Governor and the General Assembly on the outcomes and effectiveness of Public Act 103-595 ~~this amendatory Act of the 103rd General Assembly~~. The report shall include the following:

(1) the names of each tenant located within the quantum computing campus;

(2) the location of each quantum computing campus;

(3) the estimated value of the credits to be issued to quantum computing campus tenants;

(4) the number of new jobs and, if applicable, retained jobs pledged at each quantum computing campus; and

(5) whether or not the quantum computing campus is located in an underserved area, an energy transition zone, or an opportunity zone.

(f) Tenants at the quantum computing campus seeking a certificate of exemption related to the construction of required facilities shall require the contractor and all subcontractors to:

(1) comply with the requirements of Section 30-22 of the Illinois Procurement Code as those requirements apply to responsible bidders and to present satisfactory

evidence of that compliance to the Department; and

(2) enter into a project labor agreement submitted to the Department.

(g) The Department shall not issue any new certificates of exemption under the provisions of this Section after July 1, 2030. This sunset shall not affect any existing certificates of exemption in effect on July 1, 2030.

(h) The Department shall adopt rules to implement and administer this Section.

(Source: P.A. 103-595, eff. 6-26-24; revised 9-27-24.)

Section 80-915. The Reimagining Energy and Vehicles in Illinois Act is amended by changing Sections 10, 20, and 45 as follows:

(20 ILCS 686/10)

Sec. 10. Definitions. As used in this Act:

"Advanced battery" means a battery that consists of a battery cell that can be integrated into a module, pack, or system to be used in energy storage applications, including a battery used in an electric vehicle or the electric grid.

"Advanced battery component" means a component of an advanced battery, including materials, enhancements, enclosures, anodes, cathodes, electrolytes, cells, and other associated technologies that comprise an advanced battery.

"Agreement" means the agreement between a taxpayer and the

Department under the provisions of Section 45 of this Act.

"Applicant" means a taxpayer that (i) operates a business in Illinois or is planning to locate a business within the State of Illinois and (ii) is engaged in interstate or intrastate commerce as an electric vehicle manufacturer, an electric vehicle component parts manufacturer, or an electric vehicle power supply equipment manufacturer. For applications for credits under this Act that are submitted on or after February 3, 2023 (the effective date of Public Act 102-1125) ~~this amendatory Act of the 102nd General Assembly~~, "applicant" also includes a taxpayer that (i) operates a business in Illinois or is planning to locate a business within the State of Illinois and (ii) is engaged in interstate or intrastate commerce as a renewable energy manufacturer, a renewable energy products manufacturer, the manufacturer of an eVTOL aircraft or hybrid-electric or fully electric propulsion system for airliners, a battery recycling and reuse manufacturer, a green steel manufacturer, an electrical transformer or transformer component part manufacturer, an electric vehicle component parts service provider, a renewable energy service provider, or a battery raw materials refining service provider. "Applicant" does not include a taxpayer who closes or substantially reduces by more than 50% operations at one location in the State and relocates substantially the same operation to another location in the State. This does not prohibit a Taxpayer from expanding its operations at another

location in the State. This also does not prohibit a Taxpayer from moving its operations from one location in the State to another location in the State for the purpose of expanding the operation, provided that the Department determines that expansion cannot reasonably be accommodated within the municipality or county in which the business is located, or, in the case of a business located in an incorporated area of the county, within the county in which the business is located, after conferring with the chief elected official of the municipality or county and taking into consideration any evidence offered by the municipality or county regarding the ability to accommodate expansion within the municipality or county.

"Battery raw materials" means the raw and processed form of a mineral, metal, chemical, or other material used in an advanced battery component.

"Battery raw materials refining service provider" means a business that operates a facility that filters, sifts, and treats battery raw materials for use in an advanced battery.

"Battery recycling and reuse manufacturer" means a manufacturer that is primarily engaged in the recovery, retrieval, processing, recycling, or recirculating of battery raw materials for new use in electric vehicle batteries.

"Capital improvements" means the purchase, renovation, rehabilitation, or construction of permanent tangible land, buildings, structures, equipment, and furnishings in an

approved project sited in Illinois and expenditures for goods or services that are normally capitalized, including organizational costs and research and development costs incurred in Illinois. For land, buildings, structures, and equipment that are leased, the lease must equal or exceed the term of the agreement, and the cost of the property shall be determined from the present value, using the corporate interest rate prevailing at the time of the application, of the lease payments.

"Credit" means either a "REV Illinois Credit" or a "REV Construction Jobs Credit" agreed to between the Department and applicant under this Act.

"Department" means the Department of Commerce and Economic Opportunity.

"Director" means the Director of Commerce and Economic Opportunity.

"Electric vehicle" means a vehicle that is exclusively or partially powered by and refueled by electricity, including electricity generated through hydrogen fuel cells or solar technology. "Electric vehicle" also includes hybrid-electric vehicles (HEV) but excludes electric bicycles ~~, except when referencing aircraft with hybrid electric propulsion systems, does not include hybrid electric vehicles, electric bicycles, or extended-range electric vehicles that are also equipped with conventional fueled propulsion or auxiliary engines~~.

"Electric vehicle manufacturer" means a new or existing

manufacturer that is primarily focused on reequipping, expanding, or establishing a manufacturing facility in Illinois that produces electric vehicles as defined in this Section.

"Electric vehicle component parts manufacturer" means a new or existing manufacturer that is focused on reequipping, expanding, or establishing a manufacturing facility in Illinois that produces parts or accessories used in electric vehicles, as defined by this Section, including advanced battery component parts. The changes to this definition of "electric vehicle component parts manufacturer" apply to agreements under this Act that are entered into on or after December 21, 2022 (the effective date of Public Act 102-1112) ~~this amendatory Act of the 102nd General Assembly~~.

"Electric vehicle power supply equipment" means the equipment used specifically for the purpose of delivering electricity to an electric vehicle, including hydrogen fuel cells or solar refueling infrastructure.

"Electric vehicle power supply manufacturer" means a new or existing manufacturer that is focused on reequipping, expanding, or establishing a manufacturing facility in Illinois that produces electric vehicle power supply equipment used for the purpose of delivering electricity to an electric vehicle, including hydrogen fuel cell or solar refueling infrastructure.

"Electric vehicle powertrain technology" means equipment

used to convert electricity for use in aerospace propulsion.

"Electric vehicle powertrain technology manufacturer" means a new or existing manufacturer that is focused on reequipping, expanding, or establishing a manufacturing facility in Illinois that develops and validates electric vehicle powertrain technology ~~for use in aerospace propulsion~~.

"Electric vertical takeoff and landing aircraft" or "eVTOL aircraft" means a fully electric aircraft that lands and takes off vertically.

"Energy Transition Area" means a county with less than 100,000 people or a municipality that contains one or more of the following:

(1) a fossil fuel plant that was retired from service or has significant reduced service within 6 years before the time of the application or will be retired or have service significantly reduced within 6 years following the time of the application; or

(2) a coal mine that was closed or had operations significantly reduced within 6 years before the time of the application or is anticipated to be closed or have operations significantly reduced within 6 years following the time of the application.

"Full-time employee" means an individual who is employed for consideration for at least 35 hours each week or who renders any other standard of service generally accepted by industry custom or practice as full-time employment. An

individual for whom a W-2 is issued by a Professional Employer Organization (PEO) is a full-time employee if employed in the service of the applicant for consideration for at least 35 hours each week.

"Green steel manufacturer" means an entity that manufactures steel without the use of fossil fuels and with zero net carbon emissions.

"Hybrid-electric vehicle (HEV)" means a motor vehicle which draws propulsion energy from onboard sources of stored energy that are both an internal combustion engine or heat engine using consumable fuel, and a rechargeable energy storage system such as a battery, capacitor, hydraulic accumulator, or flywheel. This includes plug-in, hybrid-electric vehicles.

"Incremental income tax" means the total amount withheld during the taxable year from the compensation of new employees and, if applicable, retained employees under Article 7 of the Illinois Income Tax Act arising from employment at a project that is the subject of an agreement.

"Institution of higher education" or "institution" means any accredited public or private university, college, community college, business, technical, or vocational school, or other accredited educational institution offering degrees and instruction beyond the secondary school level.

"Minority person" means a minority person as defined in the Business Enterprise for Minorities, Women, and Persons

with Disabilities Act.

"New employee" means a newly hired, ~~newly-hired~~ full-time employee employed to work at the project site and whose work is directly related to the project.

"Noncompliance date" means, in the case of a taxpayer that is not complying with the requirements of the agreement or the provisions of this Act, the day following the last date upon which the taxpayer was in compliance with the requirements of the agreement and the provisions of this Act, as determined by the Director, pursuant to Section 70.

"Pass-through entity" means an entity that is exempt from the tax under subsection (b) or (c) of Section 205 of the Illinois Income Tax Act.

"Placed in service" means the state or condition of readiness, availability for a specifically assigned function, and the facility is constructed and ready to conduct its facility operations to manufacture goods.

"Professional employer organization" (PEO) means an employee leasing company, as defined in Section 206.1 of the Illinois Unemployment Insurance Act.

"Program" means the Reimagining Energy and Vehicles in Illinois Program (the REV Illinois Program) established in this Act.

"Project" or "REV Illinois Project" means ~~a~~ for-profit economic development activity that is designated by the Department as a REV Illinois Project, is the subject of an

agreement, and involves one or more of the following:

(1) the manufacture of electric vehicles, electric vehicle component parts, or electric vehicle power supply equipment;

(2) the manufacture of renewable energy products;

(3) the manufacture of eVTOL aircraft or hybrid-electric or fully electric propulsion systems for airliners;

(4) the development of battery recycling and reuse processes;

(5) the manufacture of green steel;

(6) the provision of battery raw materials refining service; or

(7) the manufacture of electrical transformer or transformer component parts. ~~for the manufacture of electric vehicles, electric vehicle component parts, electric vehicle power supply equipment, or renewable energy products, which is designated by the Department as a REV Illinois Project and is the subject of an agreement.~~

"Recycling facility" means a location at which the taxpayer disposes of batteries and other component parts in manufacturing of electric vehicles, electric vehicle component parts, or electric vehicle power supply equipment.

"Related member" means a person that, with respect to the taxpayer during any portion of the taxable year, is any one of the following:

(1) An individual stockholder, if the stockholder and the members of the stockholder's family (as defined in Section 318 of the Internal Revenue Code) own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the value of the taxpayer's outstanding stock.

(2) A partnership, estate, trust and any partner or beneficiary, if the partnership, estate, or trust, and its partners or beneficiaries own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the profits, capital, stock, or value of the taxpayer.

(3) A corporation, and any party related to the corporation in a manner that would require an attribution of stock from the corporation under the attribution rules of Section 318 of the Internal Revenue Code, if the Taxpayer owns directly, indirectly, beneficially, or constructively at least 50% of the value of the corporation's outstanding stock.

(4) A corporation and any party related to that corporation in a manner that would require an attribution of stock from the corporation to the party or from the party to the corporation under the attribution rules of Section 318 of the Internal Revenue Code, if the corporation and all such related parties own in the aggregate at least 50% of the profits, capital, stock, or

value of the taxpayer.

(5) A person to or from whom there is an attribution of stock ownership in accordance with Section 1563(e) of the Internal Revenue Code, except, for purposes of determining whether a person is a related member under this paragraph, 20% shall be substituted for 5% wherever 5% appears in Section 1563(e) of the Internal Revenue Code.

"Renewable energy" means energy produced through renewable energy resources, as defined in Section 1-10 of the Illinois Power Agency Act, and nuclear power ~~using the materials and sources of energy through which renewable energy resources are generated~~.

"Renewable energy manufacturer" means a manufacturer whose primary function is to manufacture or assemble: (i) equipment, systems, or products used to produce renewable or nuclear energy; (ii) products used for energy storage, or grid efficiency purposes; or (iii) component parts for that equipment or those systems or products.

"Renewable energy resources" has the meaning ascribed to that term in Section 1-10 of the Illinois Power Agency Act.

"Research and development" means work directed toward the innovation, introduction, and improvement of products and processes. "Research and development" includes all levels of research and development that directly result in the potential manufacturing and marketability of renewable energy, electric vehicles, electric vehicle component parts, and electric or

hybrid aircraft.

"Retained employee" means a full-time employee employed by the taxpayer prior to the term of the Agreement who continues to be employed during the term of the agreement whose job duties are directly related to the project. The term "retained employee" does not include any individual who has a direct or an indirect ownership interest of at least 5% in the profits, equity, capital, or value of the taxpayer or a child, grandchild, parent, or spouse, other than a spouse who is legally separated from the individual, of any individual who has a direct or indirect ownership of at least 5% in the profits, equity, capital, or value of the taxpayer. The changes to this definition of "retained employee" apply to agreements for credits under this Act that are entered into on or after December 21, 2022 (the effective date of Public Act 102-1112) ~~this amendatory Act of the 102nd General Assembly~~.

"REV Illinois credit" means a credit agreed to between the Department and the applicant under this Act that is based on the incremental income tax attributable to new employees and, if applicable, retained employees, and on training costs for such employees at the applicant's project.

"REV construction jobs credit" means a credit agreed to between the Department and the applicant under this Act that is based on the incremental income tax attributable to construction wages paid in connection with construction of the project facilities.

"Statewide baseline" means the total number of full-time employees of the applicant and any related member employed by such entities at the time of application for incentives under this Act.

"Taxpayer" means an individual, corporation, partnership, or other entity that has a legal obligation to pay Illinois income taxes and file an Illinois income tax return.

"Training costs" means costs incurred to upgrade the technological skills of full-time employees in Illinois and includes: curriculum development; training materials (including scrap product costs); trainee domestic travel expenses; instructor costs (including wages, fringe benefits, tuition, and domestic travel expenses); rent, purchase, or lease of training equipment; and other usual and customary training costs. "Training costs" do not include costs associated with travel outside the United States (unless the Taxpayer receives prior written approval for the travel by the Director based on a showing of substantial need or other proof the training is not reasonably available within the United States), wages and fringe benefits of employees during periods of training, or administrative cost related to full-time employees of the taxpayer.

"Underserved area" means any geographic area as defined in Section 5-5 of the Economic Development for a Growing Economy Tax Credit Act.

(Source: P.A. 102-669, eff. 11-16-21; 102-700, eff. 4-19-22;

102-1112, eff. 12-21-22; 102-1125, eff. 2-3-23; 103-595, eff. 6-26-24; revised 10-24-24.)

(20 ILCS 686/20)

Sec. 20. REV Illinois Program; project applications.

(a) The Reimagining Energy and Vehicles in Illinois (REV Illinois) Program is hereby established and shall be administered by the Department. The Program will provide financial incentives to any one or more of the following: (1) eligible manufacturers of electric vehicles, electric vehicle component parts, and electric vehicle power supply equipment; (2) battery recycling and reuse manufacturers; (3) battery raw materials refining service providers; or (4) renewable energy manufacturers.

(b) Any taxpayer planning a project to be located in Illinois may request consideration for designation of its project as a REV Illinois Project, by formal written letter of request or by formal application to the Department, in which the applicant states its intent to make at least a specified level of investment and intends to hire a specified number of full-time employees at a designated location in Illinois. As circumstances require, the Department shall require a formal application from an applicant and a formal letter of request for assistance.

(c) In order to qualify for credits under the REV Illinois Program, an applicant must:

(1) if the applicant is an electric vehicle manufacturer:

(A) make an investment of at least $1,500,000,000 in capital improvements at the project site;

(B) to be placed in service within the State within a 60-month period after approval of the application; and

(C) create at least 500 new full-time employee jobs; or

(2) if the applicant is: an electric vehicle component parts manufacturer; ~~,~~ a renewable energy manufacturer; ~~,~~ a green steel manufacturer; electrical transformer or transformer component part manufacturer; ~~, or~~ an entity engaged in research, development, or manufacturing of eVTOL aircraft or hybrid-electric or fully electric propulsion systems for airliners; an electric vehicle power supply equipment manufacturer; a battery recycling and reuse manufacturer; or a battery raw materials refining service provider:

(A) make an investment of at least $300,000,000 in capital improvements at the project site;

(B) manufacture one or more parts that are primarily used for electric vehicle, renewable energy, or green steel manufacturing or electrical transformer or transformer component part manufacturer;

(C) to be placed in service within the State

within a 60-month period after approval of the application; and

(D) create at least 150 new full-time employee jobs; or

(3) if the agreement is entered into before February 3, 2023 (the effective date of Public Act 102-1125) ~~this amendatory Act of the 102nd General Assembly~~ and the applicant is an electric vehicle manufacturer, an electric vehicle power supply equipment manufacturer, an electric vehicle component part manufacturer, renewable energy manufacturer, ~~or~~ green steel manufacturer, or electrical transformer or transformer component part manufacturer, that does not qualify under paragraph (2) above, a battery recycling and reuse manufacturer, or a battery raw materials refining service provider:

(A) make an investment of at least $20,000,000 in capital improvements at the project site;

(B) for electric vehicle component part manufacturers, manufacture one or more parts that are primarily used for electric vehicle manufacturing;

(C) to be placed in service within the State within a 48-month period after approval of the application; and

(D) create at least 50 new full-time employee jobs; or

(3.1) if the agreement is entered into on or after

February 3, 2023 (the effective date of Public Act 102-1125), ~~this amendatory Act of the 102nd General Assembly~~ the applicant does not qualify under paragraph (2) above, and the applicant is: an electric vehicle manufacturer; ~~,~~ an electric vehicle power supply equipment manufacturer; ~~,~~ an electric vehicle component part manufacturer; ~~,~~ a renewable energy manufacturer; ~~,~~ a green steel manufacturer; a manufacturer of electrical transformers or transformer component parts; ~~, or~~ an entity engaged in research, development, or manufacturing of eVTOL aircraft or hybrid-electric or fully electric propulsion systems for airliners; ~~that does not qualify under paragraph (2) above~~ a battery recycling and reuse manufacturer; ~~,~~ or a battery raw materials refining service provider:

(A) make an investment of at least $2,500,000 in capital improvements at the project site;

(B) in the case of electric vehicle component part manufacturers, manufacture one or more parts that are used for electric vehicle manufacturing;

(C) to be placed in service within the State within a 48-month period after approval of the application; and

(D) create the lesser of 50 new full-time employee jobs or new full-time employee jobs equivalent to 10% of the Statewide baseline applicable to the taxpayer

and any related member at the time of application; or

(4) if the agreement is entered into before February 3, 2023 (the effective date of Public Act 102-1125) ~~this amendatory Act of the 102nd General Assembly~~ and the applicant is an electric vehicle manufacturer or electric ~~vehicle~~ component parts manufacturer with existing operations within Illinois that intends to convert or expand, in whole or in part, the existing facility from traditional manufacturing to primarily electric vehicle manufacturing, electric vehicle component parts manufacturing, ~~an~~ electric vehicle power supply equipment manufacturing, ~~or~~ a green steel manufacturer, electrical transformer or transformer component part manufacturer:

(A) make an investment of at least $100,000,000 in capital improvements at the project site;

(B) to be placed in service within the State within a 60-month period after approval of the application; and

(C) create the lesser of 75 new full-time employee jobs or new full-time employee jobs equivalent to 10% of the Statewide baseline applicable to the taxpayer and any related member at the time of application;

(4.1) if the agreement is entered into on or after February 3, 2023 (the effective date of Public Act 102-1125) ~~this amendatory Act of the 102nd General Assembly~~ and the applicant (i) is any of the following: an

electric vehicle manufacturer; ~~,~~ an electric vehicle component parts manufacturer; ~~,~~ a renewable energy manufacturer; ~~,~~ a green steel manufacturer; electrical transformer or transformer component part; ~~,~~ or an entity engaged in research, development, or manufacturing of eVTOL aircraft or hybrid-electric ~~hybrid electric~~ or fully electric propulsion systems for airliners and (ii) has existing operations within Illinois that the applicant intends to convert or expand, in whole or in part, from traditional manufacturing to electric vehicle manufacturing, electric vehicle component parts manufacturing, renewable energy manufacturing, or electric vehicle power supply equipment manufacturing:

(A) make an investment of at least $100,000,000 in capital improvements at the project site;

(B) to be placed in service within the State within a 60-month period after approval of the application; and

(C) create the lesser of 50 new full-time employee jobs or new full-time employee jobs equivalent to 10% of the Statewide baseline applicable to the taxpayer and any related member at the time of application; or

(5) if the agreement is entered into on or after June 7, 2023 (the effective date of the changes made to this Section by Public Act 103-9) ~~this amendatory Act of the 103rd General Assembly~~ and before June 1, 2024 and the

applicant (i) is an electric vehicle manufacturer, an electric vehicle component parts manufacturer, or a renewable energy manufacturer or (ii) has existing operations within Illinois that the applicant intends to convert or expand, in whole or in part, from traditional manufacturing to electric vehicle manufacturing, electric vehicle component parts manufacturing, renewable energy manufacturing, or electric vehicle power supply equipment manufacturing:

(A) make an investment of at least $500,000,000 in capital improvements at the project site;

(B) to be placed in service within the State within a 60-month period after approval of the application; and

(C) retain at least 800 full-time employee jobs at the project.

(d) For agreements entered into prior to April 19, 2022 (the effective date of Public Act 102-700), for any applicant creating the full-time employee jobs noted in subsection (c), those jobs must have a total compensation equal to or greater than 120% of the average wage paid to full-time employees in the county where the project is located, as determined by the U.S. Bureau of Labor Statistics. For agreements entered into on or after April 19, 2022 (the effective date of Public Act 102-700), for any applicant creating the full-time employee jobs noted in subsection (c), those jobs must have a

compensation equal to or greater than 120% of the average wage paid to full-time employees in a similar position within an occupational group in the county where the project is located, as determined by the Department.

(e) For any applicant, within 24 months after being placed in service, it must certify to the Department that it is carbon neutral or has attained certification under one of more of the following green building standards:

(1) BREEAM for New Construction or BREEAM In-Use;

(2) ENERGY STAR;

(3) Envision;

(4) ISO 50001 - energy management;

(5) LEED for Building Design and Construction or LEED for Building Operations and Maintenance;

(6) Green Globes for New Construction or Green Globes for Existing Buildings; or

(7) UL 3223.

(f) Each applicant must outline its hiring plan and commitment to recruit and hire full-time employee positions at the project site. The hiring plan may include a partnership with an institution of higher education to provide internships, including, but not limited to, internships supported by the Clean Jobs Workforce Network Program, or full-time permanent employment for students at the project site. Additionally, the applicant may create or utilize participants from apprenticeship programs that are approved by

and registered with the United States Department of Labor's Bureau of Apprenticeship and Training. The applicant may apply for apprenticeship education expense credits in accordance with the provisions set forth in 14 Ill. Adm. Code 522. Each applicant, in each year when seeking a credit under this Act, is required to report annually, on or before April 15, on the diversity of its workforce in accordance with Section 50 of this Act. For existing facilities of applicants under paragraph (3) of subsection (b) above, if the taxpayer expects a reduction in force due to its transition to manufacturing electric vehicle, electric vehicle component parts, or electric vehicle power supply equipment, the plan submitted under this Section must outline the taxpayer's plan to assist with retraining its workforce aligned with the taxpayer's adoption of new technologies and anticipated efforts to retrain employees through employment opportunities within the taxpayer's workforce.

(g) Each applicant must demonstrate a contractual or other relationship with a recycling facility, or demonstrate its own recycling capabilities, at the time of application and report annually a continuing contractual or other relationship with a recycling facility and the percentage of batteries used in electric vehicles recycled throughout the term of the agreement.

(h) A taxpayer may not enter into more than one agreement under this Act with respect to a single address or location for

the same period of time. Also, a taxpayer may not enter into an agreement under this Act with respect to a single address or location for the same period of time for which the taxpayer currently holds an active agreement under the Economic Development for a Growing Economy Tax Credit Act. This provision does not preclude the applicant from entering into an additional agreement after the expiration or voluntary termination of an earlier agreement under this Act or under the Economic Development for a Growing Economy Tax Credit Act to the extent that the taxpayer's application otherwise satisfies the terms and conditions of this Act and is approved by the Department. An applicant with an existing agreement under the Economic Development for a Growing Economy Tax Credit Act may submit an application for an agreement under this Act after it terminates any existing agreement under the Economic Development for a Growing Economy Tax Credit Act with respect to the same address or location. If a project that is subject to an existing agreement under the Economic Development for a Growing Economy Tax Credit Act meets the requirements to be designated as a REV Illinois project under this Act, including for actions undertaken prior to the effective date of this Act, the taxpayer that is subject to that existing agreement under the Economic Development for a Growing Economy Tax Credit Act may apply to the Department to amend the agreement to allow the project to become a designated REV Illinois project. Following the amendment, time

accrued during which the project was eligible for credits under the existing agreement under the Economic Development for a Growing Economy Tax Credit Act shall count toward the duration of the credit subject to limitations described in Section 40 of this Act.

(i) If, at any time following the designation of a project as a REV Illinois Project by the Department and prior to the termination or expiration of an agreement under this Act, the project ceases to qualify as a REV Illinois project because the taxpayer is no longer an electric vehicle manufacturer, an electric vehicle component manufacturer, an electric vehicle power supply equipment manufacturer, a battery recycling and reuse manufacturer, a battery raw materials refining service provider, a green steel manufacturer, an electrical transformer manufacturer or transformer component part, or an entity engaged in eVTOL or hybrid-electric ~~hybrid electric~~ or fully electric propulsion systems for airliners research, development, or manufacturing, that project may receive tax credit awards as described in Section 5-15 and Section 5-51 of the Economic Development for a Growing Economy Tax Credit Act, as long as the project continues to meet requirements to obtain those credits as described in the Economic Development for a Growing Economy Tax Credit Act and remains compliant with terms contained in the Agreement under this Act not related to their status as an electric vehicle manufacturer, an electric vehicle component manufacturer, an electric

vehicle power supply equipment manufacturer, a battery recycling and reuse manufacturer, a battery raw materials refining service provider, a green steel manufacturer, an electrical transformer or transformer component part manufacturer, or an entity engaged in eVTOL or hybrid-electric or fully electric propulsion systems for airliners research, development, or manufacturing. Time accrued during which the project was eligible for credits under an agreement under this Act shall count toward the duration of the credit subject to limitations described in Section 5-45 of the Economic Development for a Growing Economy Tax Credit Act.

(Source: P.A. 102-669, eff. 11-16-21; 102-700, eff. 4-19-22; 102-1112, eff. 12-21-22; 102-1125, eff. 2-3-23; 103-9, eff. 6-7-23; 103-595, eff. 6-26-24; revised 10-24-24.)

(20 ILCS 686/45)

Sec. 45. Contents of agreements with applicants.

(a) The Department shall enter into an agreement with an applicant that is awarded a credit under this Act. The agreement shall include all of the following:

(1) A detailed description of the project that is the subject of the agreement, including the location and amount of the investment and jobs created or retained.

(2) The duration of the credit, the first taxable year for which the credit may be awarded, and the first taxable year in which the credit may be used by the taxpayer.

(3) The credit amount that will be allowed for each taxable year.

(4) For a project qualified under paragraphs (1), (2), (4), or (5) of subsection (c) of Section 20, a requirement that the taxpayer shall maintain operations at the project location a minimum number of years not to exceed 15. For a project qualified under paragraph (3) of subsection (c) of Section 20, a requirement that the taxpayer shall maintain operations at the project location a minimum number of years not to exceed 10.

(5) A specific method for determining the number of new employees and if applicable, retained employees, employed during a taxable year.

(6) A requirement that the taxpayer shall report annually, in the years when the taxpayer is seeking a tax credit, ~~annually report~~ to the Department the number of new employees, the incremental income tax withheld in connection with the new employees, and any other information the Department deems necessary and appropriate to perform its duties under this Act.

(7) A requirement that the Director is authorized to verify with the appropriate State agencies the amounts reported under paragraph (6), and after doing so shall issue a certificate to the taxpayer stating that the amounts have been verified.

(8) A requirement that the taxpayer shall provide

written notification to the Director not more than 30 days after the taxpayer makes or receives a proposal that would transfer the taxpayer's State tax liability obligations to a successor taxpayer.

(9) (Blank). ~~A detailed description of the number of new employees to be hired, and the occupation and payroll of full time jobs to be created or retained because of the project.~~

(10) The minimum investment the taxpayer will make in capital improvements, the time period for placing the property in service, and the designated location in Illinois for the investment.

(11) A requirement that the taxpayer shall provide written notification to the Director and the Director's designee not more than 30 days after the taxpayer determines that the minimum job creation or retention, employment payroll, or investment no longer is or will be achieved or maintained as set forth in the terms and conditions of the agreement. Additionally, the notification should outline to the Department the number of layoffs, date of the layoffs, and detail taxpayer's efforts to provide career and training counseling for the impacted workers with industry-related certifications and trainings.

(12) If applicable, a provision that, if the total number of new employees falls below a specified level, the

allowance of credit shall be suspended until the number of new employees equals or exceeds the agreement amount.

(13) If applicable, a provision that specifies the statewide baseline at the time of application for retained employees. The agreement must have a provision addressing if the total number of retained employees falls below the lesser of the statewide baseline or the retention requirements specified in the agreement, the allowance of the credit shall be suspended until the number of retained employees equals or exceeds the agreement amount.

(14) A detailed description of the items for which the costs incurred by the Taxpayer will be included in the limitation on the Credit provided in Section 40.

(15) If the agreement is entered into before the effective date of the changes made to this Section by this amendatory Act of the 103rd General Assembly, a provision stating that if the taxpayer fails to meet either the investment or job creation and retention requirements specified in the agreement during the entire 5-year period beginning on the first day of the first taxable year in which the agreement is executed and ending on the last day of the fifth taxable year after the agreement is executed, then the agreement is automatically terminated on the last day of the fifth taxable year after the agreement is executed, and the taxpayer is not entitled to the award of any credits for any of that 5-year period. If the

agreement is entered into on or after the effective date of the changes made to this Section by this amendatory Act of the 103rd General Assembly, a provision stating that if the taxpayer fails to meet either the investment or job creation and retention requirements specified in the agreement during the entire 10-year period beginning on the effective date of the agreement and ending 10 years after the effective date of the agreement, then the agreement is automatically terminated, and the taxpayer is not entitled to the award of any credits for any of that 10-year period.

(16) A provision stating that if the taxpayer ceases principal operations with the intent to permanently shut down the project in the State during the term of the Agreement, then the entire credit amount awarded to the taxpayer prior to the date the taxpayer ceases principal operations shall be returned to the Department and shall be reallocated to the local workforce investment area in which the project was located.

(17) A provision stating that the Taxpayer must provide the reports outlined in Sections 50 and 55 on or before April 15 each year.

(18) A provision requiring the taxpayer to report annually its contractual obligations or otherwise with a recycling facility for its operations.

(19) Any other performance conditions or contract

provisions the Department determines are necessary or appropriate.

(20) Each taxpayer under paragraph (1) of subsection (c) of Section 20 above shall maintain labor neutrality toward any union organizing campaign for any employees of the taxpayer assigned to work on the premises of the REV Illinois Project Site. This paragraph shall not apply to an electric vehicle manufacturer, electric vehicle component part manufacturer, electric vehicle power supply manufacturer, or renewable energy manufacturer, or any joint venture including an electric vehicle manufacturer, electric vehicle component part manufacturer, electric vehicle power supply manufacturer, renewable energy manufacturer, or an entity engaged in eVTOL or hybrid-electric or fully electric propulsion systems for airliners research, development, or manufacturing, who is subject to collective bargaining agreement entered into prior to the taxpayer filing an application pursuant to this Act.

(b) The Department shall post on its website the terms of each agreement entered into under this Act. Such information shall be posted within 10 days after entering into the agreement and must include the following:

(1) the name of the taxpayer;

(2) the location of the project;

(3) the estimated value of the credit;

(4) the number of new employee jobs and, if applicable, number of retained employee jobs at the project; and

(5) whether or not the project is in an underserved area or energy transition area.

(Source: P.A. 102-669, eff. 11-16-21; 102-1125, eff. 2-3-23; 103-9, eff. 6-7-23; 103-595, eff. 6-26-24.)

Section 80-920. The Illinois Income Tax Act is amended by changing Section 231 and by adding Section 252 as follows:

(35 ILCS 5/231)

Sec. 231. Apprenticeship education expense credit.

(a) As used in this Section:

"Accredited training organization" means an organization that:

(1) incurs costs related to training apprentice employees;

(2) maintains an apprenticeship program approved by the United States Department of Labor, Office of Apprenticeships, that results in an industry-recognized credential; and either

(3) is affiliated with a public or nonpublic secondary school in Illinois and is:

(A) an institution of higher education that provides a program that leads to an

industry-recognized postsecondary credential or degree;

(B) an entity that carries out programs that are registered under the federal National Apprenticeship Act; or

(C) a public or private provider of a program of training services, including, but not limited to, a joint labor-management organization; or

(4) is not affiliated with a public or nonpublic secondary school in Illinois but receives preapproval from the Department to receive tax credits under this Section.

"Department" means the Department of Commerce and Economic Opportunity.

"Employer" means an Illinois taxpayer who is the employer of the qualifying apprentice.

"Qualifying apprentice" means an individual who: (i) is a resident of the State of Illinois; (ii) is at least 16 years old at the close of the school year for which a credit is sought; (iii) during the school year for which a credit is sought, was a full-time apprentice enrolled in an apprenticeship program which is registered with the United States Department of Labor, Office of Apprenticeship; and (iv) is employed in Illinois by the taxpayer who is the employer.

"Qualified education expense" means the amount incurred on behalf of a qualifying apprentice not to exceed $3,500 for tuition, instructional materials, ~~book~~ fees (including, but

not limited to, book, license, and lab fees), or ~~, and lab fees~~ other expenses that are directly related to training the apprentices and that are preapproved by the Department. All expenses must be paid to or incurred for training at the school, ~~or~~ community college, or organization where ~~in which~~ the apprentice receives training ~~is enrolled during the regular school year~~.

~~"School" means any public or nonpublic secondary school in Illinois that is: (i) an institution of higher education that provides a program that leads to an industry-recognized postsecondary credential or degree; (ii) an entity that carries out programs registered under the federal National Apprenticeship Act; or (iii) another public or private provider of a program of training services, which may include a joint labor management organization.~~

(b) For taxable years beginning on or after January 1, 2020, and beginning on or before January 1, 2026, the employer of one or more qualifying apprentices shall be allowed a credit against the tax imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act ~~for qualified education expenses incurred on behalf of a qualifying apprentice~~. The credit shall be equal to ~~100% of the qualified education expenses, but in no event may the total credit amount awarded to a single taxpayer in a single taxable year exceed~~ $3,500 per qualifying apprentice. A taxpayer shall be entitled to an additional $1,500 credit against the tax

imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act if (i) the qualifying apprentice resides in an underserved area as defined in Section 5-5 of the Economic Development for a Growing Economy Tax Credit Act during the school year for which a credit is sought by an employer or (ii) the employer's principal place of business is located in an underserved area, as defined in Section 5-5 of the Economic Development for a Growing Economy Tax Credit Act. In no event shall a credit under this Section reduce the taxpayer's liability under this Act to less than zero. For taxable years ending before December 31, 2023, for partners, shareholders of Subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this Section to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code. For taxable years ending on or after December 31, 2023, partners and shareholders of subchapter S corporations are entitled to a credit under this Section as provided in Section 251.

(c) The Department shall implement a program to certify applicants for an apprenticeship credit under this Section. Upon satisfactory review, the Department shall issue a tax credit certificate to an employer incurring costs on behalf of a qualifying apprentice stating the amount of the tax credit

to which the employer is entitled. If the employer is seeking a tax credit for multiple qualifying apprentices, the Department may issue a single tax credit certificate that encompasses the aggregate total of tax credits for qualifying apprentices for a single employer.

(d) The Department, in addition to those powers granted under the Civil Administrative Code of Illinois, is granted and shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this Section, including, but not limited to, power and authority to:

(1) Adopt rules deemed necessary and appropriate for the administration of this Section; establish forms for applications, notifications, contracts, or any other agreements; and accept applications at any time during the year and require that all applications be submitted via the Internet. The Department shall require that applications be submitted in electronic form.

(2) Provide guidance and assistance to applicants pursuant to the provisions of this Section and cooperate with applicants to promote, foster, and support job creation within the State.

(3) Enter into agreements and memoranda of understanding for participation of and engage in cooperation with agencies of the federal government, units of local government, universities, research foundations or

institutions, regional economic development corporations, or other organizations for the purposes of this Section.

(4) Gather information and conduct inquiries, in the manner and by the methods it deems desirable, including, without limitation, gathering information with respect to applicants for the purpose of making any designations or certifications necessary or desirable or to gather information in furtherance of the purposes of this Act.

(5) Establish, negotiate, and effectuate any term, agreement, or other document with any person necessary or appropriate to accomplish the purposes of this Section, and consent, subject to the provisions of any agreement with another party, to the modification or restructuring of any agreement to which the Department is a party.

(6) Provide for sufficient personnel to permit administration, staffing, operation, and related support required to adequately discharge its duties and responsibilities described in this Section from funds made available through charges to applicants or from funds as may be appropriated by the General Assembly for the administration of this Section.

(7) Require applicants, upon written request, to issue any necessary authorization to the appropriate federal, State, or local authority or any other person for the release to the Department of information requested by the Department, including, but not be limited to, financial

reports, returns, or records relating to the applicant or to the amount of credit allowable under this Section.

(8) Require that an applicant shall, at all times, keep proper books of record and account in accordance with generally accepted accounting principles consistently applied, with the books, records, or papers related to the agreement in the custody or control of the applicant open for reasonable Department inspection and audits, including, without limitation, the making of copies of the books, records, or papers.

(9) Take whatever actions are necessary or appropriate to protect the State's interest in the event of bankruptcy, default, foreclosure, or noncompliance with the terms and conditions of financial assistance or participation required under this Section or any agreement entered into under this Section, including the power to sell, dispose of, lease, or rent, upon terms and conditions determined by the Department to be appropriate, real or personal property that the Department may recover as a result of these actions.

(e) The Department, in consultation with the Department of Revenue, shall adopt rules to administer this Section. The aggregate amount of the tax credits that may be claimed under this Section for qualified education expenses incurred by an employer on behalf of a qualifying apprentice shall be limited to $5,000,000 per calendar year. If applications for a greater

amount are received, credits shall be allowed on a first-come first-served basis, based on the date on which each properly completed application for a certificate of eligibility is received by the Department. If more than one certificate is received on the same day, the credits will be awarded based on the time of submission for that particular day.

(f) An employer may not sell or otherwise transfer a credit awarded under this Section to another person or taxpayer.

(g) The employer shall provide the Department such information as the Department may require, including, but not limited to: (i) the name, age, and ~~taxpayer~~ identification number of each qualifying apprentice employed by the taxpayer during the taxable year; (ii) the amount of qualified education expenses incurred with respect to each qualifying apprentice; and (iii) the name of the accredited training organization ~~school~~ at which the qualifying apprentice is enrolled and the qualified education expenses are incurred.

(h) On or before July 1 of each year, the Department shall report to the Governor and the General Assembly on the tax credit certificates awarded under this Section for the prior calendar year. The report must include:

(1) the name of each employer awarded or allocated a credit;

(2) the number of qualifying apprentices for whom the employer has incurred qualified education expenses;

(3) the North American Industry Classification System (NAICS) code applicable to each employer awarded or allocated a credit;

(4) the amount of the credit awarded or allocated to each employer;

(5) the total number of employers awarded or allocated a credit;

(6) the total number of qualifying apprentices for whom employers receiving credits under this Section incurred qualified education expenses; and

(7) the average cost to the employer of all apprenticeships receiving credits under this Section.

(Source: P.A. 102-558, eff. 8-20-21; 103-396, eff. 1-1-24; 103-1059, eff. 12-20-24.)

(35 ILCS 5/252 new)

Sec. 252. Advancing Innovative Manufacturing for Illinois Tax Credit.

(a) For tax years beginning on or after January 1, 2026, a taxpayer who has entered into an agreement under the Advancing Innovative Manufacturing for Illinois Tax Credit Act is entitled to a credit against the taxes imposed under subsections (a) and (b) of Section 201 of this Act in an amount to be determined in the Agreement. If the taxpayer is a partnership or Subchapter S corporation, the credit shall be allowed to the partners or shareholders in accordance with the

provisions of Section 251. The Department, in cooperation with the Department of Commerce and Economic Opportunity, shall adopt rules to enforce and administer the provisions of this Section. This Section is exempt from the provisions of Section 250 of this Act.

(b) The credit established under this Section is subject to the conditions set forth in the agreement and the following limitations:

(1) The amount of the credit shall be as stated in the agreement between the taxpayer and the Department of Commerce and Economic Opportunity. The production of a tax credit certificate shall occur after the project is placed in service and the taxpayer adequately completes all required reporting demonstrating completion of the capital improvement investment as outlined within the program agreement. The credit shall be available only in the taxable year in which the project is placed in service. Except as applied in a carryover year pursuant to paragraph (2), the credit may not be applied against any State income tax liability in more than 10 taxable years.

(2) The credit shall be claimed for the taxable year in which the tax credit award certificate is issued, and the certificate shall be attached to the return. The credit may not exceed the amount of the taxpayer's liability under subsections (a) and (b) of Section 201 of this Act. Any credit that is unused in the year the credit

is computed may be carried forward and applied to the tax liability for 10 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a tax liability.

(3) No credit shall be allowed with respect to any agreement for any taxable year ending after the noncompliance date. Upon receiving notification by the Department of Commerce and Economic Opportunity of the noncompliance of a taxpayer with an agreement, the Department shall notify the taxpayer that no credit is allowed with respect to that agreement for any taxable year ending after the noncompliance date, as stated in the notification. If any credit has been allowed with respect to an agreement for a taxable year ending after the noncompliance date for that agreement, any refund paid to the taxpayer for that taxable year shall, to the extent of that credit allowed, be an erroneous refund within the meaning of Section 912 of this Act.

(4) If the credit awarded under this Section is required to be recaptured under the provisions of Section 77-40 of the Advancing Innovative Manufacturing for Illinois Tax Credit Act, the tax imposed under subsections (a) and (b) of Section 201 shall be increased by the amount of the recapture for the taxable year in which recapture is made.

Section 80-925. The Economic Development for a Growing Economy Tax Credit Act is amended by changing Sections 5-15, 5-20, and 5-45 as follows:

(35 ILCS 10/5-15)

Sec. 5-15. Tax Credit Awards. Subject to the conditions set forth in this Act, a Taxpayer is entitled to a Credit against or, as described in subsection (g) of this Section, a payment towards taxes imposed pursuant to subsections (a) and (b) of Section 201 of the Illinois Income Tax Act that may be imposed on the Taxpayer for a taxable year beginning on or after January 1, 1999, if the Taxpayer is awarded a Credit by the Department under this Act for that taxable year.

(a) The Department shall make Credit awards under this Act to foster job creation and retention in Illinois.

(b) A person that proposes a project to create new jobs in Illinois must enter into an Agreement with the Department for the Credit under this Act.

(c) The Credit shall be claimed for the taxable years specified in the Agreement.

(d) The Credit shall not exceed the Incremental Income Tax attributable to the project that is the subject of the Agreement.

(e) Nothing herein shall prohibit a Tax Credit Award to an Applicant that uses a PEO if all other award criteria are satisfied.

(f) In lieu of the Credit allowed under this Act against the taxes imposed pursuant to subsections (a) and (b) of Section 201 of the Illinois Income Tax Act for any taxable year ending on or after December 31, 2009, for Taxpayers that entered into Agreements prior to January 1, 2015 and otherwise meet the criteria set forth in this subsection (f), the Taxpayer may elect to claim the Credit against its obligation to pay over withholding under Section 704A of the Illinois Income Tax Act.

(1) The election under this subsection (f) may be made only by a Taxpayer that (i) is primarily engaged in one of the following business activities: water purification and treatment, motor vehicle metal stamping, automobile manufacturing, automobile and light duty motor vehicle manufacturing, motor vehicle manufacturing, light truck and utility vehicle manufacturing, heavy duty truck manufacturing, motor vehicle body manufacturing, cable television infrastructure design or manufacturing, or wireless telecommunication or computing terminal device design or manufacturing for use on public networks and (ii) meets the following criteria:

(A) the Taxpayer (i) had an Illinois net loss or an Illinois net loss deduction under Section 207 of the Illinois Income Tax Act for the taxable year in which the Credit is awarded, (ii) employed a minimum of 1,000 full-time employees in this State during the

taxable year in which the Credit is awarded, (iii) has an Agreement under this Act on December 14, 2009 (the effective date of Public Act 96-834), and (iv) is in compliance with all provisions of that Agreement;

(B) the Taxpayer (i) had an Illinois net loss or an Illinois net loss deduction under Section 207 of the Illinois Income Tax Act for the taxable year in which the Credit is awarded, (ii) employed a minimum of 1,000 full-time employees in this State during the taxable year in which the Credit is awarded, and (iii) has applied for an Agreement within 365 days after December 14, 2009 (the effective date of Public Act 96-834);

(C) the Taxpayer (i) had an Illinois net operating loss carryforward under Section 207 of the Illinois Income Tax Act in a taxable year ending during calendar year 2008, (ii) has applied for an Agreement within 150 days after the effective date of this amendatory Act of the 96th General Assembly, (iii) creates at least 400 new jobs in Illinois, (iv) retains at least 2,000 jobs in Illinois that would have been at risk of relocation out of Illinois over a 10-year period, and (v) makes a capital investment of at least $75,000,000;

(D) the Taxpayer (i) had an Illinois net operating loss carryforward under Section 207 of the Illinois

Income Tax Act in a taxable year ending during calendar year 2009, (ii) has applied for an Agreement within 150 days after the effective date of this amendatory Act of the 96th General Assembly, (iii) creates at least 150 new jobs, (iv) retains at least 1,000 jobs in Illinois that would have been at risk of relocation out of Illinois over a 10-year period, and (v) makes a capital investment of at least $57,000,000; or

(E) the Taxpayer (i) employed at least 2,500 full-time employees in the State during the year in which the Credit is awarded, (ii) commits to make at least $500,000,000 in combined capital improvements and project costs under the Agreement, (iii) applies for an Agreement between January 1, 2011 and June 30, 2011, (iv) executes an Agreement for the Credit during calendar year 2011, and (v) was incorporated no more than 5 years before the filing of an application for an Agreement.

(1.5) The election under this subsection (f) may also be made by a Taxpayer for any Credit awarded pursuant to an agreement that was executed between January 1, 2011 and June 30, 2011, if the Taxpayer (i) is primarily engaged in the manufacture of inner tubes or tires, or both, from natural and synthetic rubber, (ii) employs a minimum of 2,400 full-time employees in Illinois at the time of

application, (iii) creates at least 350 full-time jobs and retains at least 250 full-time jobs in Illinois that would have been at risk of being created or retained outside of Illinois, and (iv) makes a capital investment of at least $200,000,000 at the project location.

(1.6) The election under this subsection (f) may also be made by a Taxpayer for any Credit awarded pursuant to an agreement that was executed within 150 days after the effective date of this amendatory Act of the 97th General Assembly, if the Taxpayer (i) is primarily engaged in the operation of a discount department store, (ii) maintains its corporate headquarters in Illinois, (iii) employs a minimum of 4,250 full-time employees at its corporate headquarters in Illinois at the time of application, (iv) retains at least 4,250 full-time jobs in Illinois that would have been at risk of being relocated outside of Illinois, (v) had a minimum of $40,000,000,000 in total revenue in 2010, and (vi) makes a capital investment of at least $300,000,000 at the project location.

(1.7) Notwithstanding any other provision of law, the election under this subsection (f) may also be made by a Taxpayer for any Credit awarded pursuant to an agreement that was executed or applied for on or after July 1, 2011 and on or before March 31, 2012, if the Taxpayer is primarily engaged in the manufacture of original and aftermarket filtration parts and products for automobiles,

motor vehicles, light duty motor vehicles, light trucks and utility vehicles, and heavy duty trucks, (ii) employs a minimum of 1,000 full-time employees in Illinois at the time of application, (iii) creates at least 250 full-time jobs in Illinois, (iv) relocates its corporate headquarters to Illinois from another state, and (v) makes a capital investment of at least $4,000,000 at the project location.

(1.8) Notwithstanding any other provision of law, the election under this subsection (f) may also be made by a startup taxpayer for any Credit awarded pursuant to an Agreement that was executed on or after the effective date of this amendatory Act of the 102nd General Assembly. Any such election under this paragraph (1.8) shall be effective unless and until such startup taxpayer has any Illinois income tax liability. This election under this paragraph (1.8) shall automatically terminate when the startup taxpayer has any Illinois income tax liability at the end of any taxable year during the term of the Agreement. Thereafter, the startup taxpayer may receive a Credit, taking into account any benefits previously enjoyed or received by way of the election under this paragraph (1.8), so long as the startup taxpayer remains in compliance with the terms and conditions of the Agreement.

(1.9) Notwithstanding any other provision of law, the

election under this subsection (f) may ~~also~~ be made by an applicant qualified under paragraph (1.7) or (1.8) of subsection (b) of Section 5-20 for any Credit awarded pursuant to an Agreement that was executed on or after the effective date of this amendatory Act of the 104th ~~103rd~~ General Assembly. Any such election under this paragraph (1.9) shall be made by entering into an agreement with the Department that allows for such an election and remain effective for the duration of the agreement allowing for the election. ~~effective unless and until such taxpayer has any Illinois income tax liability. This election under this paragraph (1.9) shall automatically terminate when the taxpayer has any Illinois income tax liability at the end of any taxable year during the term of the Agreement. Thereafter, the startup taxpayer may receive a Credit, taking into account any benefits previously enjoyed or received by way of the election under this paragraph (1.9), so long as the startup taxpayer remains in compliance with the terms and conditions of the Agreement.~~

(1.10) The election under this subsection (f) may also be made by a taxpayer that (i) is primarily engaged in the recycling and melting of steel products and in the manufacturing of new steel wire and rod products, (ii) retains at least 700 full-time jobs that would have been at risk of facing termination or relocation outside of Illinois, (iii) relocates its corporate headquarters to

Illinois from another state, (iv) makes a capital investment of at least $40,000,000 within 4 years after the effective date of an Agreement under this Act, and (v) makes an application for an agreement within 90 days after the effective date of this amendatory Act of the 104th General Assembly. The duration of the credit under this paragraph (1.10) may not exceed 15 taxable years.

(2) An election under this subsection shall allow the credit to be taken against payments otherwise due under Section 704A of the Illinois Income Tax Act during the first calendar quarter beginning after the end of the taxable quarter in which the credit is awarded under this Act.

(3) The election shall be made in the form and manner required by the Illinois Department of Revenue and, once made, shall be irrevocable.

(4) If a Taxpayer who meets the requirements of subparagraph (A) of paragraph (1) of this subsection (f) elects to claim the Credit against its withholdings as provided in this subsection (f), then, on and after the date of the election, the terms of the Agreement between the Taxpayer and the Department may not be further amended during the term of the Agreement.

(g) A pass-through entity that has been awarded a credit under this Act, its shareholders, or its partners may treat some or all of the credit awarded pursuant to this Act as a tax

payment for purposes of the Illinois Income Tax Act. The term "tax payment" means a payment as described in Article 6 or Article 8 of the Illinois Income Tax Act or a composite payment made by a pass-through entity on behalf of any of its shareholders or partners to satisfy such shareholders' or partners' taxes imposed pursuant to subsections (a) and (b) of Section 201 of the Illinois Income Tax Act. In no event shall the amount of the award credited pursuant to this Act exceed the Illinois income tax liability of the pass-through entity or its shareholders or partners for the taxable year.

(Source: P.A. 102-700, eff. 4-19-22; 103-9, eff. 6-7-23; 103-595, eff. 6-26-24.)

(35 ILCS 10/5-20)

Sec. 5-20. Application for a project to create and retain new jobs.

(a) Any Taxpayer proposing a project located or planned to be located in Illinois may request consideration for designation of its project, by formal written letter of request or by formal application to the Department, in which the Applicant states its intent to make at least a specified level of investment and intends to hire or retain a specified number of full-time employees at a designated location in Illinois. As circumstances require, the Department may require a formal application from an Applicant and a formal letter of request for assistance.

(b) In order to qualify for Credits under this Act, an Applicant's project must:

(1) if the Applicant has more than 100 employees, involve an investment of at least $2,500,000 in capital improvements to be placed in service within the State as a direct result of the project; if the Applicant has 100 or fewer employees, then there is no capital investment requirement;

(1.5) if the Applicant has more than 100 employees, employ a number of new employees in the State equal to the lesser of (A) 10% of the number of full-time employees employed by the applicant world-wide on the date the application is filed with the Department or (B) 50 New Employees; and, if the Applicant has 100 or fewer employees, employ a number of new employees in the State equal to the lesser of (A) 5% of the number of full-time employees employed by the applicant world-wide on the date the application is filed with the Department or (B) 50 New Employees;

(1.6) if the Applicant is a startup taxpayer, the employees employed by Related Members shall not be attributed to the Applicant for purposes of determining the capital investment or job creation requirements under this subsection (b);

(1.7) if the agreement is entered into on or after the effective date of this amendatory Act of the 103rd General

Assembly and the Applicant's project:

(A) makes an investment of at least $50,000,000 in capital improvements at the project site;

(B) is placed in service after approval of the application; and

(C) creates jobs for at least 100 new full-time employees; ~~.~~

(1.8) if the agreement is entered into on or after the effective date of this amendatory Act of the 104th General Assembly and the Applicant's project:

(A) makes an investment of at least $100,000,000 in capital improvements at the project site;

(B) is placed in service as described within the agreement; and

(C) retains at least 500 full-time employees.

(2) (blank);

(3) (blank); and

(4) include an annual sexual harassment policy report as provided under Section 5-58.

(c) After receipt of an application, the Department may enter into an Agreement with the Applicant if the application is accepted in accordance with Section 5-25.

(Source: P.A. 102-700, eff. 4-19-22; 103-595, eff. 6-26-24.)

(35 ILCS 10/5-45)

Sec. 5-45. Amount and duration of the credit.

(a) The Department shall determine the amount and duration of the credit awarded under this Act. The duration of the credit may not exceed 10 taxable years for projects qualified under paragraph (1), (1.5), or (1.6) of subsection (b) of Section 5-20 or 15 taxable years for projects qualified under paragraph (1.7) or (1.8) of subsection (b) of Section 5-20. The credit may be stated as a percentage of the Incremental Income Tax attributable to the applicant's project and may include a fixed dollar limitation.

(b) Notwithstanding subsection (a), and except as the credit may be applied in a carryover year pursuant to Section 211(4) of the Illinois Income Tax Act, the credit may be applied against the State income tax liability in more than 10 taxable years but not in more than 15 taxable years for an eligible business that (i) qualifies under this Act and the Corporate Headquarters Relocation Act and has in fact undertaken a qualifying project within the time frame specified by the Department of Commerce and Economic Opportunity under that Act, and (ii) applies against its State income tax liability, during the entire 15-year period, no more than 60% of the maximum credit per year that would otherwise be available under this Act.

(c) Nothing in this Section shall prevent the Department, in consultation with the Department of Revenue, from adopting rules to extend the sunset of any earned, existing, and unused tax credit or credits a taxpayer may be in possession of, as

provided for in Section 605-1070 of the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois, notwithstanding the carry-forward provisions pursuant to paragraph (4) of Section 211 of the Illinois Income Tax Act.

(Source: P.A. 102-16, eff. 6-17-21; 102-813, eff. 5-13-22; 103-595, eff. 6-26-24.)

Section 80-930. The Illinois Enterprise Zone Act is amended by changing Section 5.5 as follows:

(20 ILCS 655/5.5) (from Ch. 67 1/2, par. 609.1)

Sec. 5.5. High Impact Business.

(a) In order to respond to unique opportunities to assist in the encouragement, development, growth, and expansion of the private sector through large scale investment and development projects, the Department is authorized to receive and approve applications for the designation of "High Impact Businesses" in Illinois, for an initial term of 20 years with an option for renewal for a term not to exceed 20 years, subject to the following conditions:

(1) such applications may be submitted at any time during the year;

(2) such business is not located, at the time of designation, in an enterprise zone designated pursuant to this Act, except for grocery stores, as defined in the

Grocery Initiative Act, and a new battery energy storage solution facility, as defined by subparagraph (I) of paragraph (3) of this subsection (a);

(3) the business intends to do, commits to do, or is one or more of the following:

(A) the business intends to make a minimum investment of $12,000,000 which will be placed in service in qualified property and intends to create 500 full-time equivalent jobs at a designated location in Illinois or intends to make a minimum investment of $30,000,000 which will be placed in service in qualified property and intends to retain 1,500 full-time retained jobs at a designated location in Illinois. The terms "placed in service" and "qualified property" have the same meanings as described in subsection (h) of Section 201 of the Illinois Income Tax Act; or

(B) the business intends to establish a new electric generating facility at a designated location in Illinois. "New electric generating facility", for purposes of this Section, means a newly constructed electric generation plant or a newly constructed generation capacity expansion at an existing electric generation plant, including the transmission lines and associated equipment that transfers electricity from points of supply to points of delivery, and for which

such new foundation construction commenced not sooner than July 1, 2001. Such facility shall be designed to provide baseload electric generation and shall operate on a continuous basis throughout the year; and (i) shall have an aggregate rated generating capacity of at least 1,000 megawatts for all new units at one site if it uses natural gas as its primary fuel and foundation construction of the facility is commenced on or before December 31, 2004, or shall have an aggregate rated generating capacity of at least 400 megawatts for all new units at one site if it uses coal or gases derived from coal as its primary fuel and shall support the creation of at least 150 new Illinois coal mining jobs, or (ii) shall be funded through a federal Department of Energy grant before December 31, 2010 and shall support the creation of Illinois coal mining jobs, or (iii) shall use coal gasification or integrated gasification-combined cycle units that generate electricity or chemicals, or both, and shall support the creation of Illinois coal mining jobs. The term "placed in service" has the same meaning as described in subsection (h) of Section 201 of the Illinois Income Tax Act; or

(B-5) the business intends to establish a new gasification facility at a designated location in Illinois. As used in this Section, "new gasification

facility" means a newly constructed coal gasification facility that generates chemical feedstocks or transportation fuels derived from coal (which may include, but are not limited to, methane, methanol, and nitrogen fertilizer), that supports the creation or retention of Illinois coal mining jobs, and that qualifies for financial assistance from the Department before December 31, 2010. A new gasification facility does not include a pilot project located within Jefferson County or within a county adjacent to Jefferson County for synthetic natural gas from coal; or

(C) the business intends to establish production operations at a new coal mine, re-establish production operations at a closed coal mine, or expand production at an existing coal mine at a designated location in Illinois not sooner than July 1, 2001; provided that the production operations result in the creation of 150 new Illinois coal mining jobs as described in subdivision (a)(3)(B) of this Section, and further provided that the coal extracted from such mine is utilized as the predominant source for a new electric generating facility. The term "placed in service" has the same meaning as described in subsection (h) of Section 201 of the Illinois Income Tax Act; or

(D) the business intends to construct new

transmission facilities or upgrade existing transmission facilities at designated locations in Illinois, for which construction commenced not sooner than July 1, 2001. For the purposes of this Section, "transmission facilities" means transmission lines with a voltage rating of 115 kilovolts or above, including associated equipment, that transfer electricity from points of supply to points of delivery and that transmit a majority of the electricity generated by a new electric generating facility designated as a High Impact Business in accordance with this Section. The term "placed in service" has the same meaning as described in subsection (h) of Section 201 of the Illinois Income Tax Act; or

(E) the business intends to establish a new wind power facility at a designated location in Illinois. For purposes of this Section, "new wind power facility" means a newly constructed electric generation facility, a newly constructed expansion of an existing electric generation facility, or the replacement of an existing electric generation facility, including the demolition and removal of an electric generation facility irrespective of whether it will be replaced, placed in service or replaced on or after July 1, 2009, that generates electricity

using wind energy devices, and such facility shall be deemed to include any permanent structures associated with the electric generation facility and all associated transmission lines, substations, and other equipment related to the generation of electricity from wind energy devices. For purposes of this Section, "wind energy device" means any device, with a nameplate capacity of at least 0.5 megawatts, that is used in the process of converting kinetic energy from the wind to generate electricity; or

(E-5) the business intends to establish a new utility-scale solar facility at a designated location in Illinois. For purposes of this Section, "new utility-scale solar power facility" means a newly constructed electric generation facility, or a newly constructed expansion of an existing electric generation facility, placed in service on or after July 1, 2021, that (i) generates electricity using photovoltaic cells and (ii) has a nameplate capacity that is greater than 5,000 kilowatts, and such facility shall be deemed to include all associated transmission lines, substations, energy storage facilities, and other equipment related to the generation and storage of electricity from photovoltaic cells; or

(F) the business commits to (i) make a minimum

investment of $500,000,000, which will be placed in service in a qualified property, (ii) create 125 full-time equivalent jobs at a designated location in Illinois, (iii) establish a fertilizer plant at a designated location in Illinois that complies with the set-back standards as described in Table 1: Initial Isolation and Protective Action Distances in the 2012 Emergency Response Guidebook published by the United States Department of Transportation, (iv) pay a prevailing wage for employees at that location who are engaged in construction activities, and (v) secure an appropriate level of general liability insurance to protect against catastrophic failure of the fertilizer plant or any of its constituent systems; in addition, the business must agree to enter into a construction project labor agreement including provisions establishing wages, benefits, and other compensation for employees performing work under the project labor agreement at that location; for the purposes of this Section, "fertilizer plant" means a newly constructed or upgraded plant utilizing gas used in the production of anhydrous ammonia and downstream nitrogen fertilizer products for resale; for the purposes of this Section, "prevailing wage" means the hourly cash wages plus fringe benefits for training and apprenticeship programs approved by the U.S.

Department of Labor, Bureau of Apprenticeship and Training, health and welfare, insurance, vacations and pensions paid generally, in the locality in which the work is being performed, to employees engaged in work of a similar character on public works; this paragraph (F) applies only to businesses that submit an application to the Department within 60 days after July 25, 2013 (the effective date of Public Act 98-109); or

(G) the business intends to establish a new cultured cell material food production facility at a designated location in Illinois. As used in this paragraph (G):

"Cultured cell material food production facility" means a facility (i) at which cultured animal cell food is developed using animal cell culture technology, (ii) at which production processes occur that include the establishment of cell lines and cell banks, manufacturing controls, and all components and inputs, and (iii) that complies with all existing registrations, inspections, licensing, and approvals from all applicable and participating State and federal food agencies, including the Department of Agriculture, the Department of Public Health, and the United States Food and Drug Administration, to ensure that all food production is safe and lawful under

provisions of the Federal Food, Drug and Cosmetic Act related to the development, production, and storage of cultured animal cell food.

"New cultured cell material food production facility" means a newly constructed cultured cell material food production facility that is placed in service on or after June 7, 2023 (the effective date of Public Act 103-9) or a newly constructed expansion of an existing cultured cell material food production facility, in a controlled environment, when the improvements are placed in service on or after June 7, 2023 (the effective date of Public Act 103-9);

(H) the business is an existing or planned grocery store, as that term is defined in Section 5 of the Grocery Initiative Act, and receives financial support under that Act within the 10 years before submitting its application under this Act; or

(I) the business intends to establish a new battery energy storage solution facility at a designated location in Illinois. As used in this paragraph (I):

"New battery energy storage solution facility" means a newly constructed battery energy storage facility, a newly constructed expansion of an existing battery energy storage facility, or the replacement of an existing battery energy storage facility that

stores electricity using battery devices and other means. "New battery energy storage solution facility" includes any permanent structures associated with the new battery energy storage facility and all associated transmission lines, substations, and other equipment that is related to the storage and transmission of electric power and that has a capacity of not less than 20 megawatt and storage capability of not less than 40 megawatt hours of energy; ~~or~~

(J) the business intends to construct a new high voltage direct current converter station at a designated location in Illinois. As used in this paragraph, "high voltage direct current converter station" has the same meaning given to that term in Section 1-10 of the Illinois Power Act; or ~~and~~

(K) the business intends to construct a new high voltage direct current converter station facility at a designated location in Illinois. As used in this paragraph, "high voltage direct current converter station" has the same meaning given to that term in Section 1-10 of the Illinois Power Act; and

(4) no later than 90 days after an application is submitted, the Department shall notify the applicant of the Department's determination of the qualification of the proposed High Impact Business under this Section.

(b) Businesses designated as High Impact Businesses

pursuant to subdivision (a)(3)(A) of this Section shall qualify for the credits and exemptions described in the following Acts: Section 9-222 and Section 9-222.1A of the Public Utilities Act, subsection (h) of Section 201 of the Illinois Income Tax Act, and Section 1d of the Retailers' Occupation Tax Act; provided that these credits and exemptions described in these Acts shall not be authorized until the minimum investments set forth in subdivision (a)(3)(A) of this Section have been placed in service in qualified properties and, in the case of the exemptions described in the Public Utilities Act and Section 1d of the Retailers' Occupation Tax Act, the minimum full-time equivalent jobs or full-time retained jobs set forth in subdivision (a)(3)(A) of this Section have been created or retained. Businesses designated as High Impact Businesses under this Section shall also qualify for the exemption described in Section 5l of the Retailers' Occupation Tax Act. The credit provided in subsection (h) of Section 201 of the Illinois Income Tax Act shall be applicable to investments in qualified property as set forth in subdivision (a)(3)(A) of this Section.

(b-5) Businesses designated as High Impact Businesses pursuant to subdivisions (a)(3)(B), (a)(3)(B-5), (a)(3)(C), (a)(3)(D), (a)(3)(G), ~~and~~ (a)(3)(H)<u>, and (a)(3)(K)</u> of this Section shall qualify for the credits and exemptions described in the following Acts: Section 51 of the Retailers' Occupation Tax Act, Section 9-222 and Section 9-222.1A of the Public

Utilities Act, and subsection (h) of Section 201 of the Illinois Income Tax Act; however, the credits and exemptions authorized under Section 9-222 and Section 9-222.1A of the Public Utilities Act, and subsection (h) of Section 201 of the Illinois Income Tax Act shall not be authorized until the new electric generating facility, the new gasification facility, the new transmission facility, the new, expanded, or reopened coal mine, the new cultured cell material food production facility, or the existing or planned grocery store is operational, except that a new electric generating facility whose primary fuel source is natural gas is eligible only for the exemption under Section 5l of the Retailers' Occupation Tax Act.

(b-6) Businesses designated as High Impact Businesses pursuant to subdivision (a)(3)(E), (a)(3)(E-5), (A)(3)(I), or (a)(3)(J) of this Section shall qualify for the exemptions described in Section 5l of the Retailers' Occupation Tax Act; any business so designated as a High Impact Business being, for purposes of this Section, a "Wind Energy Business".

(b-7) Beginning on January 1, 2021, businesses designated as High Impact Businesses by the Department shall qualify for the High Impact Business construction jobs credit under subsection (h-5) of Section 201 of the Illinois Income Tax Act if the business meets the criteria set forth in subsection (i) of this Section. The total aggregate amount of credits awarded under the Blue Collar Jobs Act (Article 20 of Public Act 101-9)

shall not exceed $20,000,000 in any State fiscal year.

(c) High Impact Businesses located in federally designated foreign trade zones or sub-zones are also eligible for additional credits, exemptions and deductions as described in the following Acts: Section 9-221 and Section 9-222.1 of the Public Utilities Act; and subsection (g) of Section 201, and Section 203 of the Illinois Income Tax Act.

(d) Except for businesses contemplated under subdivision (a)(3)(E), (a)(3)(E-5), (a)(3)(G), (a)(3)(H), (A)(3)(I), ~~or~~ (a)(3)(J)<u>, or (a)(3)(K)</u> of this Section, existing Illinois businesses which apply for designation as a High Impact Business must provide the Department with the prospective plan for which 1,500 full-time retained jobs would be eliminated in the event that the business is not designated.

(e) Except for new businesses contemplated under subdivision (a)(3)(E), subdivision (a)(3)(G), subdivision (a)(3)(H), or subdivision (a)(3)(J) of this Section, new proposed facilities which apply for designation as High Impact Business must provide the Department with proof of alternative non-Illinois sites which would receive the proposed investment and job creation in the event that the business is not designated as a High Impact Business.

(f) Except for businesses contemplated under subdivision (a)(3)(E), subdivision (a)(3)(G), subdivision (a)(3)(H), ~~or~~ subdivision (a)(3)(J)<u>, or (a)(3)(K)</u> of this Section, in the event that a business is designated a High Impact Business and

it is later determined after reasonable notice and an opportunity for a hearing as provided under the Illinois Administrative Procedure Act, that the business would have placed in service in qualified property the investments and created or retained the requisite number of jobs without the benefits of the High Impact Business designation, the Department shall be required to immediately revoke the designation and notify the Director of the Department of Revenue who shall begin proceedings to recover all wrongfully exempted State taxes with interest. ~~The business shall also be ineligible for all State funded Department programs for a period of 10 years.~~

(g) The Department shall revoke a High Impact Business designation if the participating business fails to comply with the terms and conditions of the designation.

(h) Prior to designating a business, the Department shall provide the members of the General Assembly and Commission on Government Forecasting and Accountability with a report setting forth the terms and conditions of the designation and guarantees that have been received by the Department in relation to the proposed business being designated.

(i) High Impact Business construction jobs credit. Beginning on January 1, 2021, a High Impact Business may receive a tax credit against the tax imposed under subsections (a) and (b) of Section 201 of the Illinois Income Tax Act in an amount equal to 50% of the amount of the incremental income tax

attributable to High Impact Business construction jobs credit employees employed in the course of completing a High Impact Business construction jobs project. However, the High Impact Business construction jobs credit may equal 75% of the amount of the incremental income tax attributable to High Impact Business construction jobs credit employees if the High Impact Business construction jobs credit project is located in an underserved area.

The Department shall certify to the Department of Revenue: (1) the identity of taxpayers that are eligible for the High Impact Business construction jobs credit; and (2) the amount of High Impact Business construction jobs credits that are claimed pursuant to subsection (h-5) of Section 201 of the Illinois Income Tax Act in each taxable year.

As used in this subsection (i):

"High Impact Business construction jobs credit" means an amount equal to 50% (or 75% if the High Impact Business construction project is located in an underserved area) of the incremental income tax attributable to High Impact Business construction job employees. The total aggregate amount of credits awarded under the Blue Collar Jobs Act (Article 20 of Public Act 101-9) shall not exceed $20,000,000 in any State fiscal year

"High Impact Business construction job employee" means a laborer or worker who is employed by a contractor or subcontractor in the actual construction work on the site of a

High Impact Business construction job project.

"High Impact Business construction jobs project" means building a structure or building or making improvements of any kind to real property, undertaken and commissioned by a business that was designated as a High Impact Business by the Department. The term "High Impact Business construction jobs project" does not include the routine operation, routine repair, or routine maintenance of existing structures, buildings, or real property.

"Incremental income tax" means the total amount withheld during the taxable year from the compensation of High Impact Business construction job employees.

"Underserved area" means a geographic area that meets one or more of the following conditions:

(1) the area has a poverty rate of at least 20% according to the latest American Community Survey;

(2) 35% or more of the families with children in the area are living below 130% of the poverty line, according to the latest American Community Survey;

(3) at least 20% of the households in the area receive assistance under the Supplemental Nutrition Assistance Program (SNAP); or

(4) the area has an average unemployment rate, as determined by the Illinois Department of Employment Security, that is more than 120% of the national unemployment average, as determined by the U.S. Department

of Labor, for a period of at least 2 consecutive calendar years preceding the date of the application.

(j) (Blank).

(j-5) Annually, until construction is completed, a company seeking High Impact Business Construction Job credits shall submit a report that, at a minimum, describes the projected project scope, timeline, and anticipated budget. Once the project has commenced, the annual report shall include actual data for the prior year as well as projections for each additional year through completion of the project. The Department shall issue detailed reporting guidelines prescribing the requirements of construction-related reports.

In order to receive credit for construction expenses, the company must provide the Department with evidence that a certified third-party executed an Agreed-Upon Procedure (AUP) verifying the construction expenses or accept the standard construction wage expense estimated by the Department.

Upon review of the final project scope, timeline, budget, and AUP, the Department shall issue a tax credit certificate reflecting a percentage of the total construction job wages paid throughout the completion of the project.

(k) Upon 7 business days' notice, each taxpayer shall make available to each State agency and to federal, State, or local law enforcement agencies and prosecutors for inspection and copying at a location within this State during reasonable hours, the report under subsection (j-5).

(l) The changes made to this Section by Public Act 102-1125, other than the changes in subsection (a), apply to High Impact Businesses that submit applications on or after February 3, 2023 (the effective date of Public Act 102-1125).

(Source: P.A. 102-108, eff. 1-1-22; 102-558, eff. 8-20-21; 102-605, eff. 8-27-21; 102-662, eff. 9-15-21; 102-673, eff. 11-30-21; 102-813, eff. 5-13-22; 102-1125, eff. 2-3-23; 103-9, eff. 6-7-23; 103-561, eff. 1-1-24; 103-595, eff. 6-26-24; 103-605, eff. 7-1-24; 103-1066, eff. 2-20-25.)

ARTICLE 85

Section 85-5. The Illinois Lottery Law is amended by changing Section 7.12 as follows:

(20 ILCS 1605/7.12)

(Section scheduled to be repealed on July 1, 2025)

Sec. 7.12. Internet program.

(a) The General Assembly finds that:

(1) the consumer market in Illinois has changed since the creation of the Illinois State Lottery in 1974;

(2) the Internet has become an integral part of everyday life for a significant number of Illinois residents not only in regards to their professional life, but also in regards to personal business and communication; and

(3) the current practices of selling lottery tickets does not appeal to the new form of market participants who prefer to make purchases on the Internet at their own convenience.

It is the intent of the General Assembly to create an Internet program for the sale of lottery tickets to capture this new form of market participant.

(b) The Department shall create a program that allows an individual 18 years of age or older to purchase lottery tickets or shares on the Internet without using a Lottery retailer with on-line status, as those terms are defined by rule. The Department shall restrict the sale of lottery tickets on the Internet to transactions initiated and received or otherwise made exclusively within the State of Illinois. The Department shall adopt rules necessary for the administration of this program. These rules shall include, among other things, requirements for marketing of the Lottery to infrequent players, as well as limitations on the purchases that may be made through any one individual's lottery account. The provisions of this Act and the rules adopted under this Act shall apply to the sale of lottery tickets or shares under this program.

The Department is obligated to implement the program set forth in this Section and Sections 7.15 and 7.16. The Department may offer Lotto, Lucky Day Lotto, Mega Millions, Powerball, Pick 3, Pick 4, and other draw games that are

offered at retail locations through the Internet program. The private manager shall obtain the Director's approval before providing any draw games. Any draw game tickets that are approved for sale by lottery licensees are automatically approved for sale through the Internet program. The Department shall maintain responsible gaming controls in its policies.

The Department shall authorize the private manager to implement and administer the program pursuant to the management agreement entered into under Section 9.1 and in a manner consistent with the provisions of this Section. If a private manager has not been selected pursuant to Section 9.1 at the time the Department is obligated to implement the program, then the Department shall not proceed with the program until after the selection of the private manager, at which time the Department shall authorize the private manager to implement and administer the program pursuant to the management agreement entered into under Section 9.1 and in a manner consistent with the provisions of this Section.

Nothing in this Section shall be construed as prohibiting the Department from implementing and operating a website portal whereby individuals who are 18 years of age or older with an Illinois mailing address may apply to purchase lottery tickets via subscription. Nothing in this Section shall also be construed as prohibiting the Lottery draw game tickets authorized for sale through the Internet program under this Section from also continuing to be sold at retail locations by

a lottery licensee pursuant to the Department's rules.

(c) (Blank).

(d) This Section is repealed on July 1, 2028 ~~July 1, 2025~~.

(Source: P.A. 101-35, eff. 6-28-19; 102-699, eff. 4-19-22.)

ARTICLE 90

Section 90-5. The Tobacco Products Manufacturers' Escrow Enforcement Act of 2003 is amended by changing Section 30 as follows:

(30 ILCS 167/30)

Sec. 30. Penalties and other remedies.

(a) In addition to or in lieu of any other civil or criminal remedy provided by law, upon a determination that a distributor has violated subsection (e) of Section 15 or any regulation adopted pursuant thereto, the Director may revoke or suspend the license of any distributor in the manner provided by Section 6 of the Cigarette Tax Act, Section 6 of the Cigarette Use Tax Act, or Section 10-25 of the Tobacco Products Tax Act of 1995, as appropriate. Each stamp affixed and each offer to sell cigarettes in violation of subsection (e) of Section 15 shall constitute a separate violation. For each violation, the Director may also impose a civil penalty in an amount not to exceed the greater of 500% of the retail value of the cigarettes sold or $5,000 upon a determination of

violation of subsection (e) of Section 15 or any regulations adopted pursuant thereto.

(b) Any cigarettes that have been sold, offered for sale, or possessed for sale in this State, or imported for personal consumption in this State in violation of subsection (e) of Section 15 shall be subject to seizure and forfeiture as provided in Sections 18, 18a, and 20 of the Cigarette Tax Act and Sections 24, 25, 25a and 26 of the Cigarette Use Tax Act, and all cigarettes so seized and forfeited shall be destroyed and not resold.

(c) The Attorney General may seek an injunction to restrain a threatened or actual violation of subsection (e) of Section 15, subsection (a) of Section 25, or subsection (d) of Section 25 by a distributor and to compel the distributor to comply with such subsections. In any action brought pursuant to this Section, the State shall be entitled to recover the costs of investigation, costs of the action, and reasonable attorney fees.

(c-5) Upon a distributor's failure to submit information as required by subsection (a) of Section 25 or subsection (d) of Section 25, the Attorney General may send a notice of violation to the distributor and provide the distributor with 10 days to cure the violation. If the distributor does not cure the violation, the Attorney General may notify the Director of the violation, and, upon receiving the Attorney General's notice, the Director may revoke the distributor's license in

the manner provided by Section 6 of the Cigarette Tax Act, Section 6 of the Cigarette Use Tax Act, or Section 10-25 of the Tobacco Products Tax Act of 1995, as appropriate

(d) It shall be unlawful for a person to: (i) sell or distribute cigarettes; or (ii) acquire, hold, own, possess, transport, import, or cause to be imported cigarettes that the person knows or should know are intended for distribution or sale in the State in violation of subsection (e) of Section 15. A violation of this Section shall be a Class 2 felony.

(e) A person who violates subsection (e) of Section 15 engages in an unfair and deceptive trade practice in violation of the Uniform Deceptive Trade Practices Act.

(Source: P.A. 93-446, eff. 1-1-04; 93-930, eff. 1-1-05; 94-575, eff. 8-12-05.)

Section 90-10. The Tobacco Product Manufacturers' Escrow Act is amended by changing Section 15 as follows:

(30 ILCS 168/15)

Sec. 15. Requirements.

(a) Any tobacco product manufacturer selling cigarettes to consumers within the State of Illinois (whether directly or through a distributor, retailer, or similar intermediary or intermediaries) after the effective date of this Act shall do one of the following:

(1) become a participating manufacturer (as that term

is defined in Section II(jj) of the Master Settlement Agreement) and generally perform its financial obligations under the Master Settlement Agreement; or

(2) (A) place into a qualified escrow fund by April 15 of the year following the year in question the following amounts (as such amounts are adjusted for inflation):

(i) For 1999: $0.0094241 per unit sold after the effective date of this Act;

(ii) For 2000: $0.0104712 per unit sold;

(iii) For each of 2001 and 2002: $0.0136125 per unit sold;

(iv) For each of 2003 through 2006: $0.0167539 per unit sold;

(v) For each of 2007 and each year thereafter: $0.0188482 per unit sold.

(B) A tobacco product manufacturer that places funds into escrow pursuant to subdivision (a)(2)(A) shall receive the interest or other appreciation on the funds as earned. The funds themselves shall be released from escrow only under the following circumstances:

(i) to pay a judgment or settlement on any released claim brought against the tobacco product manufacturer by the State or any releasing party located or residing in the State. Funds shall be

released from escrow under this subdivision (a)(2)(B)(i): (I) in the order in which they were placed into escrow; and (II) only to the extent and at the time necessary to make payments required under such judgment or settlement;

(ii) to the extent that a tobacco product manufacturer establishes that the amount it was required to place into escrow on account of units sold in the State in a particular year was greater than the Master Settlement Agreement payments, as determined pursuant to Section IX(i) of that Agreement, including after final determination of all adjustments, that such manufacturer would have been required to make on account of such units sold had it been a Participating Manufacturer, the excess shall be released from escrow and revert back to such tobacco product manufacturer; or

(iii) to the extent not released from escrow under subdivisions (a)(2)(B)(i) or (a)(2)(B)(ii), funds shall be released from escrow and revert back to such tobacco product manufacturer 25 years after the date on which they were placed into escrow.

(C) Each tobacco product manufacturer that elects to place funds into escrow pursuant to this subdivision (a)(2) shall annually certify to the

Attorney General that it is in compliance with this subdivision (a)(2). The Attorney General may bring a civil action on behalf of the State of Illinois against any tobacco product manufacturer that fails to place into escrow the funds required under this subdivision (a)(2). Any tobacco product manufacturer that fails in any year to place into escrow the funds required under this subdivision (a)(2) shall:

(i) be required within 15 days to place such funds into escrow as shall bring it into compliance with this Section. The court, upon a finding of a violation of this subdivision (a)(2), may impose a civil penalty to be paid into the General Revenue Fund in an amount not to exceed 5% of the amount improperly withheld from escrow per day of the violation and in a total amount not to exceed 100% of the original amount improperly withheld from escrow;

(ii) in the case of a knowing violation, be required within 15 days to place such funds into escrow as shall bring it into compliance with this Section. The court, upon a finding of a knowing violation of this subdivision (a)(2), may impose a civil penalty to be paid into the General Revenue Fund in an amount not to exceed 15% of the amount improperly withheld from escrow per day of the

violation and in a total amount not to exceed 300% of the original amount improperly withheld from escrow; and

(iii) in the case of a second knowing violation, be prohibited from selling cigarettes to consumers within the State of Illinois (whether directly or through a distributor, retailer, or similar intermediary) for a period not to exceed 2 years.

(b) Each failure to make an annual deposit required under this Section shall constitute a separate violation. If a tobacco product manufacturer is successfully prosecuted by the Attorney General for a violation of subdivision (a)(2), the tobacco product manufacturer must pay, in addition to any fine imposed by a court, the State's costs and attorney's fees incurred in the prosecution.

(c) Notwithstanding subparagraph (B) of item (2) of subsection (a) of this Section, a tobacco product manufacturer that elects to place funds into escrow pursuant to subparagraph (A) of item (2) of subsection (a) of this Section may make an irrevocable assignment of its interest in the funds to the benefit of the State. The assignment shall be permanent and shall apply to all funds that are in the escrow account or that may subsequently come into the account, including (i) those funds deposited into the escrow account before the assignment is executed, (ii) those funds deposited

into the escrow account on or after the date the assignment is executed, and (iii) interest or other appreciation on the funds. The tobacco product manufacturer, the Attorney General, and the financial institution where the escrow account is maintained may make amendments to the qualified escrow account agreement as necessary to effectuate an assignment of rights executed pursuant to this subsection or a withdrawal of moneys from the escrow account pursuant to subparagraph (B) of item (2) of subsection (a) of this Section. An assignment of rights executed pursuant to this subsection shall be in writing, shall be signed by a duly authorized representative of the tobacco product manufacturer making the assignment, and shall become effective on delivery of the assignment to the Attorney General and the financial institution where the escrow account is maintained. An assignment of escrow funds shall not be made by a tobacco product manufacturer unless and until the Attorney General provides written approval to the tobacco product manufacturer.

(d) Notwithstanding subparagraph (B) of item (2) of subsection (a) of this Section, any escrow funds assigned to the State pursuant to subsection (c) shall be withdrawn by the State on the approval of the Attorney General. Any funds withdrawn pursuant to this subsection shall be used to reimburse the State for Medicaid costs and shall be calculated on a dollar-for-dollar basis as a credit against any judgment or settlement described in subparagraph (B) of item (2) of

subsection (a) of this Section that may be obtained against the tobacco product manufacturer that has assigned the funds in the escrow account. This Section does not relieve a tobacco product manufacturer from any past, current, or future obligations that the manufacturer may have pursuant to this Section.

(e) Notwithstanding subparagraph (B) of item (2) of subsection (a) of this Section, if, after more than one year from the date of release, the escrow amount has not been subject to a request by the tobacco product manufacturer who made the deposit or currently owns the rights to the account, the Attorney General may send a notice of intent to assign giving the entity 10 days to make an application for release in the manner established by the Attorney General. If, after the expiration of that 10-day period, no application has been received, the Attorney General may send a notice of assignment to the last known contact, and if no application is received after the expiration of that 10-day period, the Attorney General may provide notice to the escrow bank that the funds shall be transferred to the State.

(Source: P.A. 93-446, eff. 1-1-04.)

Section 90-15. The Cigarette Tax Act is amended by changing Section 6 as follows:

(35 ILCS 130/6) (from Ch. 120, par. 453.6)

Sec. 6. Revocation, cancellation, or suspension of license. The Department may, after notice and hearing as provided for by this Act, revoke, cancel or suspend the license of any distributor, secondary distributor, or retailer for the violation of any provision of this Act, or for noncompliance with any provision herein contained, or for any noncompliance with any lawful rule or regulation promulgated by the Department under Section 8 of this Act, or because the licensee is determined to be ineligible for a distributor's license for any one or more of the reasons provided for in Section 4 of this Act, or because the licensee is determined to be ineligible for a secondary distributor's license for any one or more of the reasons provided for in Section 4c of this Act, or because the licensee is determined to be ineligible for a retailer's license for any one or more of the reasons provided for in Section 4g of this Act. However, no such license shall be revoked, cancelled or suspended, except after a hearing by the Department with notice to the distributor, secondary distributor, or retailer, as aforesaid, and affording such distributor, secondary distributor, or retailer a reasonable opportunity to appear and defend, and any distributor, secondary distributor, or retailer aggrieved by any decision of the Department with respect thereto may have the determination of the Department judicially reviewed, as herein provided.

The Department may revoke, cancel, or suspend the license

of any distributor for a violation of the Tobacco Products ~~Product~~ Manufacturers' Escrow Enforcement Act of 2003 as provided in Section 30 of that Act. The Department may revoke, cancel, or suspend the license of any secondary distributor for a violation of subsection (e) of Section 15 of the Tobacco Products ~~Product~~ Manufacturers' Escrow Enforcement Act of 2003.

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

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

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

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

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

training.

Any distributor, secondary distributor, or retailer aggrieved by any decision of the Department under this Section may, within 20 days after notice of the decision, protest and request a hearing. Upon receiving a request for a hearing, the Department shall give notice in writing to the distributor, secondary distributor, or retailer requesting the hearing that contains a statement of the charges preferred against the distributor, secondary distributor, or retailer and that states the time and place fixed for the hearing. The Department shall hold the hearing in conformity with the provisions of this Act and then issue its final administrative decision in the matter to the distributor, secondary distributor, or retailer. In the absence of a protest and request for a hearing within 20 days, the Department's decision shall become final without any further determination being made or notice given.

No license so revoked, as aforesaid, shall be reissued to any such distributor, secondary distributor, or retailer within a period of 6 months after the date of the final determination of such revocation. No such license shall be reissued at all so long as the person who would receive the license is ineligible to receive a distributor's license under this Act for any one or more of the reasons provided for in Section 4 of this Act, is ineligible to receive a secondary distributor's license under this Act for any one or more of the

reasons provided for in Section 4c of this Act, or is determined to be ineligible for a retailer's license under the Act for any one or more of the reasons provided for in Section 4g of this Act.

The Department upon complaint filed in the circuit court may by injunction restrain any person who fails, or refuses, to comply with any of the provisions of this Act from acting as a distributor, secondary distributor, or retailer of cigarettes in this State.

(Source: P.A. 101-2, eff. 7-1-19.)

Section 90-20. The Cigarette Use Tax Act is amended by changing Section 6 as follows:

(35 ILCS 135/6) (from Ch. 120, par. 453.36)

Sec. 6. Revocation, cancellation, or suspension of license. The Department may, after notice and hearing as provided for by this Act, revoke, cancel or suspend the license of any distributor or secondary distributor for the violation of any provision of this Act, or for non-compliance with any provision herein contained, or for any non-compliance with any lawful rule or regulation promulgated by the Department under Section 21 of this Act, or because the licensee is determined to be ineligible for a distributor's license for any one or more of the reasons provided for in Section 4 of this Act, or because the licensee is determined to

be ineligible for a secondary distributor's license for any one or more of the reasons provided for in Section 4b or Section 7a of this Act. However, no such license shall be revoked, canceled or suspended, except after a hearing by the Department with notice to the distributor or secondary distributor, as aforesaid, and affording such distributor or secondary distributor a reasonable opportunity to appear and defend, and any distributor or secondary distributor aggrieved by any decision of the Department with respect thereto may have the determination of the Department judicially reviewed, as herein provided.

The Department may revoke, cancel, or suspend the license of any distributor for a violation of the Tobacco Products ~~Product~~ Manufacturers' Escrow Enforcement Act of 2003 as provided in Section 30 of that Act. The Department may revoke, cancel, or suspend the license of any secondary distributor for a violation of subsection (e) of Section 15 of the Tobacco Products ~~Product~~ Manufacturers' Escrow Enforcement Act of 2003.

Any distributor or secondary distributor aggrieved by any decision of the Department under this Section may, within 20 days after notice of the decision, protest and request a hearing. Upon receiving a request for a hearing, the Department shall give notice in writing to the distributor or secondary distributor requesting the hearing that contains a statement of the charges preferred against the distributor or

secondary distributor and that states the time and place fixed for the hearing. The Department shall hold the hearing in conformity with the provisions of this Act and then issue its final administrative decision in the matter to the distributor or secondary distributor. In the absence of a protest and request for a hearing within 20 days, the Department's decision shall become final without any further determination being made or notice given.

No license so revoked, shall be reissued to any such distributor or secondary distributor within a period of 6 months after the date of the final determination of such revocation. No such license shall be reissued at all so long as the person who would receive the license is ineligible to receive a distributor's license under this Act for any one or more of the reasons provided for in Section 4 of this Act or is ineligible to receive a secondary distributor's license under this Act for any one or more of the reasons provided for in Section 4b and Section 7a of this Act.

The Department upon complaint filed in the circuit court may by injunction restrain any person who fails, or refuses, to comply with this Act from acting as a distributor or secondary distributor of cigarettes in this State.

(Source: P.A. 96-1027, eff. 7-12-10.)

Section 90-25. The Tobacco Products Tax Act of 1995 is amended by changing Section 10-25 as follows:

(35 ILCS 143/10-25)

Sec. 10-25. License actions.

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

(b) The Department may revoke, cancel, or suspend the license of any distributor for a violation of the Tobacco Products ~~Product~~ Manufacturers' Escrow Enforcement Act of 2003 as provided in Section 30 ~~20~~ of that Act.

(c) If the retailer has a training program that facilitates compliance with minimum-age tobacco laws, the Department shall suspend for 3 days the license of that retailer for a fourth or subsequent violation of the Prevention of Tobacco Use by Persons under 21 Years of Age and Sale and Distribution of Tobacco Products Act, as provided in subsection (a) of Section 2 of that Act. For the purposes of this Section, any violation of subsection (a) of Section 2 of the Prevention of Tobacco Use by Persons under 21 Years of Age

and Sale and Distribution of Tobacco Products Act occurring at the retailer's licensed location, during a 24-month period, shall be counted as a violation against the retailer.

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

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

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

A training program that facilitates compliance with minimum-age tobacco laws must include at least the following

elements: (i) it must explain that only individuals displaying valid identification demonstrating that they are 21 years of age or older shall be eligible to purchase cigarettes or tobacco products and (ii) it must explain where a clerk can check identification for a date of birth. The training may be conducted electronically. Each retailer that has a training program shall require each employee who completes the training program to sign a form attesting that the employee has received and completed tobacco training. The form shall be kept in the employee's file and may be used to provide proof of training.

(d) The Department may, by application to any circuit court, obtain an injunction restraining any person who engages in business as a distributor of tobacco products without a license (either because his or her license has been revoked, canceled, or suspended or because of a failure to obtain a license in the first instance) from engaging in that business until that person, as if that person were a new applicant for a license, complies with all of the conditions, restrictions, and requirements of Section 10-20 of this Act and qualifies for and obtains a license. Refusal or neglect to obey the order of the court may result in punishment for contempt.

(Source: P.A. 100-940, eff. 8-17-18; 101-2, eff. 7-1-19.)

ARTICLE 92

Section 92-1. Short title. This Article may be cited as the Digital Advertisement Tax Act. The tax imposed by this Act may be referred to as the Digital Advertisement Tax. References in this Article to "this Act" mean this Article.

Section 92-3. Definitions. In this Act:

"Annual gross revenues" means income or revenue from all sources, before any expenses or taxes are deducted, computed according to generally accepted accounting principles.

"Assessable base" means the annual gross revenues derived from digital advertising services in the State.

"Department" means the Department of Revenue.

"Digital advertising services" includes advertising services on a digital interface, including advertisements in the form of banner advertising, search engine advertising, interstitial advertising, and other comparable advertising services that use personal information about the people to whom the advertisements are being served.

"Digital interface" means any type of software, including a website, part of a website, or application that a user is able to access.

"Person" means any natural individual, firm, partnership, association, corporation, limited liability company, or trust; a receiver, executor, trustee, guardian, or other representative appointed by order of any court; or other entity. Unless expressly provided otherwise, the term "person"

does not include a governmental entity or a unit or instrumentality of a government entity.

"User" means an individual or any other person who accesses a digital interface with a device.

Section 92-4. Tax imposed.

(a) A tax is imposed on each person's annual gross revenues that are derived from digital advertising services in the State if the person's annual gross revenues derived from digital advertising in the State exceeds $125,000,000.

(b) For the purposes of this Act, the portion of the annual gross revenues of a person that are derived from digital advertising services in the State shall be determined using an apportionment factor.

(1) The apportionment factor is a fraction, the numerator of which is the annual gross revenues of a person derived from digital advertising in the State and the denominator of which is the annual gross revenues of a person derived from digital advertising in the United States.

(2) The Department shall adopt rules that determine the state from which revenues from digital advertising services are derived.

Section 92-5. Tax rate. The rate of tax under this Act is 10% of the person's assessable base.

Section 92-6. Returns.

(a) Each person that, in a calendar year, has annual gross revenues derived from digital advertising services in the State of at least $25,000,000 shall complete and file with the Department a return on or before April 15 of the next year.

(b) Declaration of estimated tax.

(1) A person that reasonably expects that the person's annual gross revenues derived from digital advertising services in the State will exceed $25,000,000 shall complete and file with the Department, on or before April 15 of that year, a declaration of estimated tax.

(2) A person required under paragraph (1) of this subsection to file a declaration of estimated tax for a taxable year shall complete and file a quarterly estimated tax return with the Department on or before June 15, September 15, and December 15 of that year.

(c) A person that is required to file a return under this Section shall file with the return an attachment that provides the Department with any information the Department requires to determine annual gross revenues derived from digital advertising services in the State.

(d) A person required to file a return under this Section shall maintain records of digital advertising services provided in the State and the basis for the calculation of the digital advertisement tax owed.

(e) The person or, if the person is a business entity, the chief executive officer, proprietor, owner, or highest-ranking manager of the entity shall sign annual and quarterly returns to certify the accuracy of the information contained therein. Any person who willfully signs a return containing false or inaccurate information shall be guilty of perjury and punished accordingly. The forms for annual and quarterly returns prescribed by the Department shall include a warning that the person signing the return may be liable for perjury.

Section 92-7. Tax payment.

(a) Except as provided in subsection (b) of this Section, each person required to file a return under Section 92-3 of this Act shall pay the digital advertisement tax with the return that covers the period for which the tax is due.

(b) Any person required to file estimated digital advertisement tax returns under paragraph (2) of subsection (b) of Section 92-6 of this Act shall pay:

(1) at least 25% of the estimated digital advertisement tax shown on the declaration or amended declaration for the taxable year:

(A) with the declaration or amended declaration that covers the year; and

(B) with each quarterly return for that year; and

(2) any unpaid digital advertisement tax for the year shown on the person's return that covers that year with

the return.

Section 92-8. Collection. The Department shall collect the tax imposed by this Act. Money collected, after deducting amounts necessary for administration and enforcement by the Department, shall be paid into the General Revenue Fund.

Section 92-9. Penalties. When the amount due is under $300, any person subject to the provisions of this Act who fails to file a return, or who violates any other provision of Section 92-6 or Section 92-7 of this Act, or who fails to keep books and records as required by this Act, or who files a fraudulent return, or who willfully violates any rule or regulation of the Department for the administration and enforcement of the provisions of this Act, or any officer or agent of a corporation or manager, member, or agent of a limited liability company subject to this Act who signs a fraudulent return filed on behalf of such corporation or limited liability company, or any accountant or other agent who knowingly enters false information on the return of any taxpayer under this Act is guilty of a Class 4 felony.

When the amount due is $300 or more, any person subject to the provisions of this Act who fails to file a return, or who violates any other provision of Section 92-6 or Section 92-7 of this Act, or who fails to keep books and records as required by this Act, or who files a fraudulent return, or who willfully

violates any rule or regulation of the Department for the administration and enforcement of the provisions of this Act, or any officer or agent of a corporation or manager, member, or agent of a limited liability company subject to this Act who signs a fraudulent return filed on behalf of such corporation or limited liability company, or any accountant or other agent who knowingly enters false information on the return of any taxpayer under this Act is guilty of a Class 3 felony.

A prosecution for any act in violation of this Section may be commenced at any time within 3 years of the commission of that act.

ARTICLE 95

Section 95-95. No acceleration or delay. Where this Act makes changes in a statute that is represented in this Act by text that is not yet or no longer in effect (for example, a Section represented by multiple versions), the use of that text does not accelerate or delay the taking effect of (i) the changes made by this Act or (ii) provisions derived from any other Public Act.

Section 95-97. Severability. The provisions of this Act are severable under Section 1.31 of the Statute on Statutes.

ARTICLE 99

Section 99-99. Effective date. This Act takes effect upon becoming law, except that Articles 10 and 65 takes effect on July 1, 2025, Articles 15 and 55 take effect on January 1, 2026, the changes made in Article 40 to Section 1.1 of the Motor Fuel Tax Law, the Cigarette Machine Operators' Occupation Tax Act, the Cigarette Tax Act, the Cigarette Use Tax Act, and the Tobacco Products Tax Act of 1995 take effect January 1, 2026, and Article 92 takes effect January 1, 2027.".