

# HB2736



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB2736

Introduced 2/6/2025, by Rep. Christopher "C.D." Davidsmeyer

#### SYNOPSIS AS INTRODUCED:

35 ILCS 505/1.30 new  
35 ILCS 505/2

from Ch. 120, par. 418

Amends the Motor Fuel Tax Law. Provides that, on and after July 1, 2025, marine fuel is exempt from the tax imposed under the Act. Provides that "marine fuel" means motor fuel specially formulated to be used in the propulsion of watercraft. Effective immediately.

LRB104 09222 LNS 19279 b

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 505/1.30 new)

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

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

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

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

1 2019 and until July 1, 2020, the rate of tax imposed in this  
2 paragraph shall be 38 cents per gallon. Beginning July 1, 2020  
3 and until July 1, 2021, the rate of tax imposed in this  
4 paragraph shall be 38.7 cents per gallon. Beginning July 1,  
5 2021 and until January 1, 2023, the rate of tax imposed in this  
6 paragraph shall be 39.2 cents per gallon. On January 1, 2023,  
7 the rate of tax imposed in this paragraph shall be increased by  
8 an amount equal to the percentage increase, if any, in the  
9 Consumer Price Index for the 12 months ending in September of  
10 2022. On July 1, 2023, and on July 1 of each subsequent year,  
11 the rate of tax imposed in this paragraph shall be increased by  
12 an amount equal to the percentage increase, if any, in the  
13 Consumer Price Index for the 12 months ending in March of the  
14 year in which the increase takes place. The percentage  
15 increase in the Consumer Price Index shall be calculated as  
16 follows: (1) calculate the average Consumer Price Index for  
17 the full 12 months ending in March of the year in which the  
18 increase takes place; (2) calculate the average Consumer Price  
19 Index for the full 12 months ending in March of the year  
20 immediately preceding the year in which the increase takes  
21 place; (3) calculate the percentage increase, if any, in the  
22 current-year average determined under item (1) over the  
23 preceding-year average determined under item (2). The rate  
24 shall be rounded to the nearest one-tenth of one cent.

25 (a-5) Beginning on July 1, 2022 and through December 31,  
26 2022, each retailer of motor fuel shall cause the following

1 notice to be posted in a prominently visible place on each  
2 retail dispensing device that is used to dispense motor fuel  
3 in the State of Illinois: "As of July 1, 2022, the State of  
4 Illinois has suspended the inflation adjustment to the motor  
5 fuel tax through December 31, 2022. The price on this pump  
6 should reflect the suspension of the tax increase." The notice  
7 shall be printed in bold print on a sign that is no smaller  
8 than 4 inches by 8 inches. The sign shall be clearly visible to  
9 customers. Any retailer who fails to post or maintain a  
10 required sign through December 31, 2022 is guilty of a petty  
11 offense for which the fine shall be \$500 per day per each  
12 retail premises where a violation occurs.

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

24 (c) A tax is imposed upon the privilege of engaging in the  
25 business of selling motor fuel as a retailer or reseller on all  
26 motor fuel used in motor vehicles operating on the public

1 highways and recreational type watercraft operating upon the  
2 waters of this State: (1) at the rate of 3 cents per gallon on  
3 motor fuel owned or possessed by such retailer or reseller at  
4 12:01 a.m. on August 1, 1989; and (2) at the rate of 3 cents  
5 per gallon on motor fuel owned or possessed by such retailer or  
6 reseller at 12:01 A.M. on January 1, 1990.

7 Retailers and resellers who are subject to this additional  
8 tax shall be required to inventory such motor fuel and pay this  
9 additional tax in a manner prescribed by the Department of  
10 Revenue.

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

14 (d) Except as provided in Section 2a, the collection of a  
15 tax based on gallonage of gasoline used for the propulsion of  
16 any aircraft is prohibited on and after October 1, 1979, and  
17 the collection of a tax based on gallonage of special fuel used  
18 for the propulsion of any aircraft is prohibited on and after  
19 December 1, 2019.

20 (d-5) On and after July 1, 2025, marine fuel, as defined in  
21 Section 1.30, is exempt from the tax imposed under this Act.

22 (e) The collection of a tax, based on gallonage of all  
23 products commonly or commercially known or sold as 1-K  
24 kerosene, regardless of its classification or uses, is  
25 prohibited (i) on and after July 1, 1992 until December 31,  
26 1999, except when the 1-K kerosene is either: (1) delivered

1 into bulk storage facilities of a bulk user, or (2) delivered  
2 directly into the fuel supply tanks of motor vehicles and (ii)  
3 on and after January 1, 2000. Beginning on January 1, 2000, the  
4 collection of a tax, based on gallonage of all products  
5 commonly or commercially known or sold as 1-K kerosene,  
6 regardless of its classification or uses, is prohibited except  
7 when the 1-K kerosene is delivered directly into a storage  
8 tank that is located at a facility that has withdrawal  
9 facilities that are readily accessible to and are capable of  
10 dispensing 1-K kerosene into the fuel supply tanks of motor  
11 vehicles. For purposes of this subsection (e), a facility is  
12 considered to have withdrawal facilities that are not "readily  
13 accessible to and capable of dispensing 1-K kerosene into the  
14 fuel supply tanks of motor vehicles" only if the 1-K kerosene  
15 is delivered from: (i) a dispenser hose that is short enough so  
16 that it will not reach the fuel supply tank of a motor vehicle  
17 or (ii) a dispenser that is enclosed by a fence or other  
18 physical barrier so that a vehicle cannot pull alongside the  
19 dispenser to permit fueling.

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

24 As used in this Section, "Consumer Price Index" means the  
25 index published by the Bureau of Labor Statistics of the  
26 United States Department of Labor that measures the average

1 change in prices of goods and services purchased by all urban  
2 consumers, United States city average, all items, 1982-84 =  
3 100.

4 (Source: P.A. 102-700, eff. 4-19-22; 103-995, eff. 8-9-24.)

5 Section 99. Effective date. This Act takes effect upon  
6 becoming law.