



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB3480

Introduced 2/18/2025, by Rep. Will Guzzardi

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3	from Ch. 120, par. 439.3
35 ILCS 105/3-27	
35 ILCS 110/3	from Ch. 120, par. 439.33
35 ILCS 110/3-27	
35 ILCS 115/3	from Ch. 120, par. 439.103
35 ILCS 115/3-27	
35 ILCS 120/2	
35 ILCS 120/2-27	
35 ILCS 630/2	from Ch. 120, par. 2002

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and the Telecommunications Excise Tax Act. Provides that prepaid telephone calling arrangements shall be subject to the tax imposed under those Acts only if the telephone or telecommunications services and the recharge of such services are obtained through the purchase of a preloaded phone, calling card, or other item of tangible personal property. Provides that, on and after January 1, 2026, "prepaid telephone calling arrangements" do not include a recharge that is not obtained through the purchase of a preloaded phone, calling card, or other item of tangible personal property. Provides that "prepaid telephone calling arrangements" include the recharge of a prepaid calling arrangement if and only if, on and after January 1, 2026, the additional telephone or telecommunications services included in the recharge are obtained through the purchase of a preloaded phone, calling card, or other item of tangible personal property.

LRB104 11072 HLH 21154 b

1 AN ACT concerning revenue.

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

4 Section 5. The Use Tax Act is amended by changing Sections
5 3 and 3-27 as follows:

6 (35 ILCS 105/3) (from Ch. 120, par. 439.3)

7 Sec. 3. Tax imposed. A tax is imposed upon the privilege of
8 using in this State tangible personal property purchased,
9 which, on and after January 1, 2025, includes leased, at
10 retail from a retailer, including computer software, and
11 including photographs, negatives, and positives that are the
12 product of photoprocessing, but not including products of
13 photoprocessing produced for use in motion pictures for
14 commercial exhibition. Beginning January 1, 2001 and through
15 December 31, 2025, prepaid telephone calling arrangements
16 shall be considered tangible personal property subject to the
17 tax imposed under this Act regardless of the form in which
18 those arrangements may be embodied, transmitted, or fixed by
19 any method now known or hereafter developed. On and after
20 January 1, 2026, prepaid telephone calling arrangements shall
21 be subject to the tax imposed under this Act only if the
22 telephone or telecommunications services and the recharge of
23 such services are obtained through the purchase of a preloaded

1 phone, calling card, or other item of tangible personal
2 property. Purchases of (1) electricity delivered to customers
3 by wire; (2) natural or artificial gas that is delivered to
4 customers through pipes, pipelines, or mains; and (3) water
5 that is delivered to customers through pipes, pipelines, or
6 mains are not subject to tax under this Act. The provisions of
7 Public Act 98-583 ~~this amendatory Act of the 98th General~~
8 ~~Assembly~~ are declaratory of existing law as to the meaning and
9 scope of this Act.

10 The imposition of the tax under this Act on the privilege
11 of using tangible personal property leased at retail applies
12 to leases of tangible personal property in effect, entered
13 into, or renewed on or after January 1, 2025. In the case of
14 leases, except as otherwise provided in this Act, the lessor,
15 in collecting the tax, may collect for each tax return period,
16 only the tax applicable to that part of the selling price
17 actually received during such tax return period.

18 The inclusion of leases in the tax imposed under this Act
19 by this amendatory Act of the 103rd General Assembly does not,
20 however, extend to motor vehicles, watercraft, aircraft, and
21 semitrailers, as defined in Section 1-187 of the Illinois
22 Vehicle Code, that are required to be registered with an
23 agency of this State. The taxation of these items shall
24 continue in effect as prior to the effective date of the
25 changes made to this Section by this amendatory Act of the
26 103rd General Assembly (i.e. dealers owe retailers' occupation

1 tax, lessors owe use tax, and lessees are not subject to
2 retailers' occupation or use tax).

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

4 (35 ILCS 105/3-27)

5 Sec. 3-27. Prepaid telephone calling arrangements.

6 "Prepaid telephone calling arrangements" mean the right to
7 exclusively purchase telephone or telecommunications services
8 that must be paid for in advance and enable the origination of
9 one or more intrastate, interstate, or international telephone
10 calls or other telecommunications using an access number, an
11 authorization code, or both, whether manually or
12 electronically dialed, for which payment to a retailer must be
13 made in advance, provided that, unless recharged, no further
14 service is provided once that prepaid amount of service has
15 been consumed, and provided further that, on and after
16 December 31, 2025, the telephone or telecommunications
17 services included in such arrangement are obtained through the
18 purchase of a preloaded phone, calling card, or other item of
19 tangible personal property. Prepaid telephone calling
20 arrangements include the recharge of a prepaid calling
21 arrangement if and only if, on and after January 1, 2026, the
22 telephone or telecommunications services included in such
23 arrangement are obtained through the purchase of a preloaded
24 phone, calling card, or other item of tangible personal
25 property. For purposes of this Section, "recharge" means the

1 purchase of additional prepaid telephone or telecommunications
2 services whether or not the purchaser acquires a different
3 access number or authorization code. For purposes of this
4 Section, "telecommunications" means that term as defined in
5 Section 2 of the Telecommunications Excise Tax Act. "Prepaid
6 telephone calling arrangement" does not include an arrangement
7 whereby the service provider reflects the amount of a purchase
8 as a credit on an account for a customer under an existing
9 subscription plan, nor, on and after January 1, 2026, does it
10 include a recharge that is not obtained through the purchase
11 of a preloaded phone, calling card, or other item of tangible
12 personal property.

13 (Source: P.A. 91-870, eff. 6-22-00.)

14 Section 10. The Service Use Tax Act is amended by changing
15 Sections 3 and 3-27 as follows:

16 (35 ILCS 110/3) (from Ch. 120, par. 439.33)

17 Sec. 3. Tax imposed. A tax is imposed upon the privilege of
18 using in this State real or tangible personal property
19 acquired, which, on and after January 1, 2025, includes
20 tangible personal property acquired through a lease, as an
21 incident to the purchase of a service from a serviceman,
22 including computer software, and including photographs,
23 negatives, and positives that are the product of
24 photoprocessing, but not including products of photoprocessing

1 produced for use in motion pictures for public commercial
2 exhibition. Beginning January 1, 2001 and through December 31,
3 2025, prepaid telephone calling arrangements shall be
4 considered tangible personal property subject to the tax
5 imposed under this Act regardless of the form in which those
6 arrangements may be embodied, transmitted, or fixed by any
7 method now known or hereafter developed. On and after January
8 1, 2026, prepaid telephone calling arrangements shall be
9 subject to the tax imposed under this Act only if the telephone
10 or telecommunications services and the recharge of such
11 services are obtained through the purchase of a preloaded
12 phone, calling card, or other item of tangible personal
13 property. Purchases of (1) electricity delivered to customers
14 by wire; (2) natural or artificial gas that is delivered to
15 customers through pipes, pipelines, or mains; and (3) water
16 that is delivered to customers through pipes, pipelines, or
17 mains are not subject to tax under this Act. The provisions of
18 Public Act 98-583 ~~this amendatory Act of the 98th General~~
19 ~~Assembly~~ are declaratory of existing law as to the meaning and
20 scope of this Act.

21 The imposition of the tax under this Act on leases applies
22 to leases of tangible personal property in effect, entered
23 into, or renewed on or after January 1, 2025. In the case of
24 leases, except as otherwise provided in this Act, the
25 serviceman who is a lessor, in collecting the tax, may collect
26 for each tax return period only the tax applicable to that part

1 of the selling price actually received during such tax return
2 period.

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

4 (35 ILCS 110/3-27)

5 Sec. 3-27. Prepaid telephone calling arrangements.

6 "Prepaid telephone calling arrangements" mean the right to
7 exclusively purchase telephone or telecommunications services
8 that must be paid for in advance and enable the origination of
9 one or more intrastate, interstate, or international telephone
10 calls or other telecommunications using an access number, an
11 authorization code, or both, whether manually or
12 electronically dialed, for which payment to a retailer must be
13 made in advance, provided that, unless recharged, no further
14 service is provided once that prepaid amount of service has
15 been consumed, nor, on and after January 1, 2026, does it
16 include a recharge that is not obtained through the purchase
17 of a preloaded phone, calling card, or other item of tangible
18 personal property. Prepaid telephone calling arrangements
19 include the recharge of a prepaid calling arrangement if and
20 only if, on and after January 1, 2026, the additional
21 telephone or telecommunications services included in the
22 recharge are obtained through the purchase of a preloaded
23 phone, calling card, or other item of tangible personal
24 property. For purposes of this Section, "recharge" means the
25 purchase of additional prepaid telephone or telecommunications

1 services whether or not the purchaser acquires a different
2 access number or authorization code. For purposes of this
3 Section, "telecommunications" means that term as defined in
4 Section 2 of the Telecommunications Excise Tax Act. "Prepaid
5 telephone calling arrangement" does not include an arrangement
6 whereby the service provider reflects the amount of the
7 purchase as a credit on an account for a customer under an
8 existing subscription plan, nor, on and after January 1, 2026,
9 does it include a recharge that is not obtained through the
10 purchase of a preloaded phone, calling card, or other item of
11 tangible personal property.

12 (Source: P.A. 91-870, eff. 6-22-00.)

13 Section 15. The Service Occupation Tax Act is amended by
14 changing Sections 3 and 3-27 as follows:

15 (35 ILCS 115/3) (from Ch. 120, par. 439.103)

16 Sec. 3. Tax imposed. A tax is imposed upon all persons
17 engaged in the business of making sales of service (referred
18 to as "servicemen") on all tangible personal property
19 transferred, including, on and after January 1, 2025,
20 transferred by lease, as an incident of a sale of service,
21 including computer software, and including photographs,
22 negatives, and positives that are the product of
23 photoprocessing, but not including products of photoprocessing
24 produced for use in motion pictures for public commercial

1 exhibition. Beginning January 1, 2001 and through December 31,
2 2025, prepaid telephone calling arrangements shall be
3 considered tangible personal property subject to the tax
4 imposed under this Act regardless of the form in which those
5 arrangements may be embodied, transmitted, or fixed by any
6 method now known or hereafter developed. On and after January
7 1, 2026, prepaid telephone calling arrangements shall be
8 subject to the tax imposed under this Act only if the telephone
9 or telecommunications services and the recharge of such
10 services are obtained through the purchase of a preloaded
11 phone, calling card, or other item of tangible personal
12 property. Sales of (1) electricity delivered to customers by
13 wire; (2) natural or artificial gas that is delivered to
14 customers through pipes, pipelines, or mains; and (3) water
15 that is delivered to customers through pipes, pipelines, or
16 mains are not subject to tax under this Act. The provisions of
17 Public Act 98-583 ~~this amendatory Act of the 98th General~~
18 ~~Assembly~~ are declaratory of existing law as to the meaning and
19 scope of this Act.

20 The imposition of the tax under this Act on tangible
21 personal property transferred by lease by persons engaged in
22 the business of making sales of service applies to leases in
23 effect, entered into, or renewed on or after January 1, 2025.
24 In the case of leases, except as otherwise provided in this
25 Act, the serviceman who is a lessor must remit for each tax
26 return period only the tax applicable to that part of the

1 selling price actually received during such tax return period.
2 (Source: P.A. 103-592, eff. 1-1-25.)

3 (35 ILCS 115/3-27)

4 Sec. 3-27. Prepaid telephone calling arrangements.
5 "Prepaid telephone calling arrangements" mean the right to
6 exclusively purchase telephone or telecommunications services
7 that must be paid for in advance and enable the origination of
8 one or more intrastate, interstate, or international telephone
9 calls or other telecommunications using an access number, an
10 authorization code, or both, whether manually or
11 electronically dialed, for which payment to a retailer must be
12 made in advance, provided that, unless recharged, no further
13 service is provided once that prepaid amount of service has
14 been consumed, nor, on and after January 1, 2026, does it
15 include a recharge that is not obtained through the purchase
16 of a preloaded phone, calling card, or other item of tangible
17 personal property. Prepaid telephone calling arrangements
18 include the recharge of a prepaid calling arrangement if and
19 only if, on and after January 1, 2026, the additional
20 telephone or telecommunications services included in the
21 recharge are obtained through the purchase of a preloaded
22 phone, calling card, or other item of tangible personal
23 property. For purposes of this Section, "recharge" means the
24 purchase of additional prepaid telephone or telecommunications
25 services whether or not the purchaser acquires a different

1 access number or authorization code. For purposes of this
2 Section, "telecommunications" means that term as defined in
3 Section 2 of the Telecommunications Excise Tax Act. "Prepaid
4 telephone calling arrangement" does not include an arrangement
5 whereby the service provider reflects the amount of the
6 purchase as a credit on an account for a customer under an
7 existing subscription plan, nor, on and after January 1, 2026,
8 does it include a recharge that is not obtained through the
9 purchase of a preloaded phone, calling card, or other item of
10 tangible personal property.

11 (Source: P.A. 91-870, eff. 6-22-00.)

12 Section 20. The Retailers' Occupation Tax Act is amended
13 by changing Sections 2 and 2-27 as follows:

14 (35 ILCS 120/2)

15 Sec. 2. Tax imposed.

16 (a) A tax is imposed upon persons engaged in the business
17 of selling at retail, which, on and after January 1, 2025,
18 includes leasing, tangible personal property, including
19 computer software, and including photographs, negatives, and
20 positives that are the product of photoprocessing, but not
21 including products of photoprocessing produced for use in
22 motion pictures for public commercial exhibition. Beginning
23 January 1, 2001 and through December 31, 2025, prepaid
24 telephone calling arrangements shall be considered tangible

1 personal property subject to the tax imposed under this Act
2 regardless of the form in which those arrangements may be
3 embodied, transmitted, or fixed by any method now known or
4 hereafter developed. On and after January 1, 2026, prepaid
5 telephone calling arrangements shall be subject to the tax
6 imposed under this Act only if the telephone or
7 telecommunications services and the recharge of such services
8 are obtained through the purchase of a preloaded phone,
9 calling card, or other item of tangible personal property.

10 The imposition of the tax under this Act on persons
11 engaged in the business of leasing tangible personal property
12 applies to leases in effect, entered into, or renewed on or
13 after January 1, 2025. In the case of leases, except as
14 otherwise provided in this Act, the lessor must remit, for
15 each tax return period, only the tax applicable to that part of
16 the selling price actually received during such tax return
17 period.

18 The inclusion of leases in the tax imposed under this Act
19 by Public Act 103-592 ~~this amendatory Act of the 103rd General~~
20 ~~Assembly~~ does not, however, extend to motor vehicles,
21 watercraft, aircraft, and semitrailers, as defined in Section
22 1-187 of the Illinois Vehicle Code, that are required to be
23 registered with an agency of this State. The taxation of these
24 items shall continue in effect as prior to the effective date
25 of the changes made to this Section by Public Act 103-592 ~~this~~
26 ~~amendatory Act of the 103rd General Assembly~~ (i.e., dealers

1 owe retailers' occupation tax, lessors owe use tax, and
2 lessees are not subject to retailers' occupation or use tax).

3 Sales of (1) electricity delivered to customers by wire;
4 (2) natural or artificial gas that is delivered to customers
5 through pipes, pipelines, or mains; and (3) water that is
6 delivered to customers through pipes, pipelines, or mains are
7 not subject to tax under this Act. The provisions of Public Act
8 98-583 ~~this amendatory Act of the 98th General Assembly~~ are
9 declaratory of existing law as to the meaning and scope of this
10 Act.

11 (b) Beginning on January 1, 2021, a remote retailer is
12 engaged in the occupation of selling at retail in Illinois for
13 purposes of this Act, if:

14 (1) the cumulative gross receipts from sales of
15 tangible personal property to purchasers in Illinois are
16 \$100,000 or more; or

17 (2) the retailer enters into 200 or more separate
18 transactions for the sale of tangible personal property to
19 purchasers in Illinois.

20 Remote retailers that meet or exceed the threshold in
21 either paragraph (1) or (2) above shall be liable for all
22 applicable State retailers' and locally imposed retailers'
23 occupation taxes administered by the Department on all retail
24 sales to Illinois purchasers.

25 The remote retailer shall determine on a quarterly basis,
26 ending on the last day of March, June, September, and

1 December, whether he or she meets the criteria of either
2 paragraph (1) or (2) of this subsection for the preceding
3 12-month period. If the retailer meets the criteria of either
4 paragraph (1) or (2) for a 12-month period, he or she is
5 considered a retailer maintaining a place of business in this
6 State and is required to collect and remit the tax imposed
7 under this Act and all retailers' occupation tax imposed by
8 local taxing jurisdictions in Illinois, provided such local
9 taxes are administered by the Department, and to file all
10 applicable returns for one year. At the end of that one-year
11 period, the retailer shall determine whether the retailer met
12 the criteria of either paragraph (1) or (2) for the preceding
13 12-month period. If the retailer met the criteria in either
14 paragraph (1) or (2) for the preceding 12-month period, he or
15 she is considered a retailer maintaining a place of business
16 in this State and is required to collect and remit all
17 applicable State and local retailers' occupation taxes and
18 file returns for the subsequent year. If, at the end of a
19 one-year period, a retailer that was required to collect and
20 remit the tax imposed under this Act determines that he or she
21 did not meet the criteria in either paragraph (1) or (2) during
22 the preceding 12-month period, then the retailer shall
23 subsequently determine on a quarterly basis, ending on the
24 last day of March, June, September, and December, whether he
25 or she meets the criteria of either paragraph (1) or (2) for
26 the preceding 12-month period.

1 (b-2) Beginning on January 1, 2025, a retailer maintaining
2 a place of business in this State that makes retail sales of
3 tangible personal property to Illinois customers from a
4 location or locations outside of Illinois is engaged in the
5 occupation of selling at retail in Illinois for the purposes
6 of this Act. Those retailers are liable for all applicable
7 State and locally imposed retailers' occupation taxes
8 administered by the Department on retail sales made by those
9 retailers to Illinois customers from locations outside of
10 Illinois.

11 (b-5) For the purposes of this Section, neither the gross
12 receipts from nor the number of separate transactions for
13 sales of tangible personal property to purchasers in Illinois
14 that a remote retailer makes through a marketplace facilitator
15 shall be included for the purposes of determining whether he
16 or she has met the thresholds of subsection (b) of this Section
17 so long as the remote retailer has received certification from
18 the marketplace facilitator that the marketplace facilitator
19 is legally responsible for payment of tax on such sales.

20 (b-10) A remote retailer that is required to collect taxes
21 imposed under the Use Tax Act on retail sales made to Illinois
22 purchasers or a retailer maintaining a place of business in
23 this State that is required to collect taxes imposed under the
24 Use Tax Act on retail sales made to Illinois purchasers shall
25 be liable to the Department for such taxes, except when the
26 remote retailer or retailer maintaining a place of business in

1 this State is relieved of the duty to remit such taxes by
2 virtue of having paid to the Department taxes imposed by this
3 Act in accordance with this Section upon his or her gross
4 receipts from such sales.

5 (c) Marketplace facilitators engaged in the business of
6 selling at retail tangible personal property in Illinois.
7 Beginning January 1, 2021, a marketplace facilitator is
8 engaged in the occupation of selling at retail tangible
9 personal property in Illinois for purposes of this Act if,
10 during the previous 12-month period:

11 (1) the cumulative gross receipts from sales of
12 tangible personal property on its own behalf or on behalf
13 of marketplace sellers to purchasers in Illinois equals
14 \$100,000 or more; or

15 (2) the marketplace facilitator enters into 200 or
16 more separate transactions on its own behalf or on behalf
17 of marketplace sellers for the sale of tangible personal
18 property to purchasers in Illinois, regardless of whether
19 the marketplace facilitator or marketplace sellers for
20 whom such sales are facilitated are registered as
21 retailers in this State.

22 A marketplace facilitator who meets either paragraph (1)
23 or (2) of this subsection is required to remit the applicable
24 State retailers' occupation taxes under this Act and local
25 retailers' occupation taxes administered by the Department on
26 all taxable sales of tangible personal property made by the

1 marketplace facilitator or facilitated for marketplace sellers
2 to customers in this State. A marketplace facilitator selling
3 or facilitating the sale of tangible personal property to
4 customers in this State is subject to all applicable
5 procedures and requirements of this Act.

6 The marketplace facilitator shall determine on a quarterly
7 basis, ending on the last day of March, June, September, and
8 December, whether he or she meets the criteria of either
9 paragraph (1) or (2) of this subsection for the preceding
10 12-month period. If the marketplace facilitator meets the
11 criteria of either paragraph (1) or (2) for a 12-month period,
12 he or she is considered a retailer maintaining a place of
13 business in this State and is required to remit the tax imposed
14 under this Act and all retailers' occupation tax imposed by
15 local taxing jurisdictions in Illinois, provided such local
16 taxes are administered by the Department, and to file all
17 applicable returns for one year. At the end of that one-year
18 period, the marketplace facilitator shall determine whether it
19 met the criteria of either paragraph (1) or (2) for the
20 preceding 12-month period. If the marketplace facilitator met
21 the criteria in either paragraph (1) or (2) for the preceding
22 12-month period, it is considered a retailer maintaining a
23 place of business in this State and is required to collect and
24 remit all applicable State and local retailers' occupation
25 taxes and file returns for the subsequent year. If at the end
26 of a one-year period a marketplace facilitator that was

1 required to collect and remit the tax imposed under this Act
2 determines that he or she did not meet the criteria in either
3 paragraph (1) or (2) during the preceding 12-month period, the
4 marketplace facilitator shall subsequently determine on a
5 quarterly basis, ending on the last day of March, June,
6 September, and December, whether he or she meets the criteria
7 of either paragraph (1) or (2) for the preceding 12-month
8 period.

9 A marketplace facilitator shall be entitled to any
10 credits, deductions, or adjustments to the sales price
11 otherwise provided to the marketplace seller, in addition to
12 any such adjustments provided directly to the marketplace
13 facilitator. This Section pertains to, but is not limited to,
14 adjustments such as discounts, coupons, and rebates. In
15 addition, a marketplace facilitator shall be entitled to the
16 retailers' discount provided in Section 3 of the Retailers'
17 Occupation Tax Act on all marketplace sales, and the
18 marketplace seller shall not include sales made through a
19 marketplace facilitator when computing any retailers' discount
20 on remaining sales. Marketplace facilitators shall report and
21 remit the applicable State and local retailers' occupation
22 taxes on sales facilitated for marketplace sellers separately
23 from any sales or use tax collected on taxable retail sales
24 made directly by the marketplace facilitator or its
25 affiliates.

26 The marketplace facilitator is liable for the remittance

1 of all applicable State retailers' occupation taxes under this
2 Act and local retailers' occupation taxes administered by the
3 Department on sales through the marketplace and is subject to
4 audit on all such sales. The Department shall not audit
5 marketplace sellers for their marketplace sales where a
6 marketplace facilitator remitted the applicable State and
7 local retailers' occupation taxes unless the marketplace
8 facilitator seeks relief as a result of incorrect information
9 provided to the marketplace facilitator by a marketplace
10 seller as set forth in this Section. The marketplace
11 facilitator shall not be held liable for tax on any sales made
12 by a marketplace seller that take place outside of the
13 marketplace and which are not a part of any agreement between a
14 marketplace facilitator and a marketplace seller. In addition,
15 marketplace facilitators shall not be held liable to State and
16 local governments of Illinois for having charged and remitted
17 an incorrect amount of State and local retailers' occupation
18 tax if, at the time of the sale, the tax is computed based on
19 erroneous data provided by the State in database files on tax
20 rates, boundaries, or taxing jurisdictions or incorrect
21 information provided to the marketplace facilitator by the
22 marketplace seller.

23 (d) A marketplace facilitator shall:

24 (1) certify to each marketplace seller that the
25 marketplace facilitator assumes the rights and duties of a
26 retailer under this Act with respect to sales made by the

1 marketplace seller through the marketplace; and

2 (2) remit taxes imposed by this Act as required by
3 this Act for sales made through the marketplace.

4 (e) A marketplace seller shall retain books and records
5 for all sales made through a marketplace in accordance with
6 the requirements of this Act.

7 (f) A marketplace facilitator is subject to audit on all
8 marketplace sales for which it is considered to be the
9 retailer, but shall not be liable for tax or subject to audit
10 on sales made by marketplace sellers outside of the
11 marketplace.

12 (g) A marketplace facilitator required to collect taxes
13 imposed under the Use Tax Act on marketplace sales made to
14 Illinois purchasers shall be liable to the Department for such
15 taxes, except when the marketplace facilitator is relieved of
16 the duty to remit such taxes by virtue of having paid to the
17 Department taxes imposed by this Act in accordance with this
18 Section upon his or her gross receipts from such sales.

19 (h) Nothing in this Section shall allow the Department to
20 collect retailers' occupation taxes from both the marketplace
21 facilitator and marketplace seller on the same transaction.

22 (i) If, for any reason, the Department is prohibited from
23 enforcing the marketplace facilitator's duty under this Act to
24 remit taxes pursuant to this Section, the duty to remit such
25 taxes remains with the marketplace seller.

26 (j) Nothing in this Section affects the obligation of any

1 consumer to remit use tax for any taxable transaction for
2 which a certified service provider acting on behalf of a
3 remote retailer or a marketplace facilitator does not collect
4 and remit the appropriate tax.

5 (k) Nothing in this Section shall allow the Department to
6 collect the retailers' occupation tax from both the
7 marketplace facilitator and the marketplace seller.

8 (Source: P.A. 103-592, eff. 1-1-25; 103-983, eff. 1-1-25;
9 revised 11-26-24.)

10 (35 ILCS 120/2-27)

11 Sec. 2-27. Prepaid telephone calling arrangements.
12 "Prepaid telephone calling arrangements" mean the right to
13 exclusively purchase telephone or telecommunications services
14 that must be paid for in advance and enable the origination of
15 one or more intrastate, interstate, or international telephone
16 calls or other telecommunications using an access number, an
17 authorization code, or both, whether manually or
18 electronically dialed, for which payment to a retailer must be
19 made in advance, provided that, unless recharged, no further
20 service is provided once that prepaid amount of service has
21 been consumed, and provided further that, on and after January
22 1, 2026, the telephone or telecommunications services included
23 in such arrangement are obtained through the purchase of a
24 preloaded phone, calling card, or other item of tangible
25 personal property. Prepaid telephone calling arrangements

1 include the recharge of a prepaid calling arrangement if and
2 only if, on and after January 1, 2026, the additional
3 telephone or telecommunications services included in the
4 recharge are obtained through the purchase of a preloaded
5 phone, calling card, or other item of tangible personal
6 property. For purposes of this Section, "recharge" means the
7 purchase of additional prepaid telephone or telecommunications
8 services whether or not the purchaser acquires a different
9 access number or authorization code. For purposes of this
10 Section, "telecommunications" means that term as defined in
11 Section 2 of the Telecommunications Excise Tax Act. "Prepaid
12 telephone calling arrangement" does not include an arrangement
13 whereby the service provider reflects the amount of the
14 purchase as a credit on an account for a customer under an
15 existing subscription plan, nor, on and after January 1, 2026,
16 does it include a recharge that is not obtained through the
17 purchase of a preloaded phone, calling card, or other item of
18 tangible personal property.

19 (Source: P.A. 103-781, eff. 8-5-24; 103-1055, eff. 12-20-24.)

20 Section 25. The Telecommunications Excise Tax Act is
21 amended by changing Section 2 as follows:

22 (35 ILCS 630/2) (from Ch. 120, par. 2002)

23 Sec. 2. As used in this Article, unless the context
24 clearly requires otherwise:

1 (a) "Gross charge" means the amount paid for the act or
2 privilege of originating or receiving telecommunications in
3 this State and for all services and equipment provided in
4 connection therewith by a retailer, valued in money whether
5 paid in money or otherwise, including cash, credits, services,
6 and property of every kind or nature, and shall be determined
7 without any deduction on account of the cost of such
8 telecommunications, the cost of materials used, labor or
9 service costs, or any other expense whatsoever. In case credit
10 is extended, the amount thereof shall be included only as and
11 when paid. "Gross charges" for private line service shall
12 include charges imposed at each channel termination point
13 within this State, charges for the channel mileage between
14 each channel termination point within this State, and charges
15 for that portion of the interstate inter-office channel
16 provided within Illinois. Charges for that portion of the
17 interstate inter-office channel provided in Illinois shall be
18 determined by the retailer as follows: (i) for interstate
19 inter-office channels having 2 channel termination points,
20 only one of which is in Illinois, 50% of the total charge
21 imposed; or (ii) for interstate inter-office channels having
22 more than 2 channel termination points, one or more of which
23 are in Illinois, an amount equal to the total charge
24 multiplied by a fraction, the numerator of which is the number
25 of channel termination points within Illinois and the
26 denominator of which is the total number of channel

1 termination points. Prior to January 1, 2004, any method
2 consistent with this paragraph or other method that reasonably
3 apportions the total charges for interstate inter-office
4 channels among the states in which channel terminations points
5 are located shall be accepted as a reasonable method to
6 determine the charges for that portion of the interstate
7 inter-office channel provided within Illinois for that period.
8 However, "gross charges" shall not include any of the
9 following:

10 (1) Any amounts added to a purchaser's bill because of
11 a charge made pursuant to (i) the tax imposed by this
12 Article; (ii) charges added to customers' bills pursuant
13 to the provisions of Section ~~Sections~~ 9-221 or 9-222 of
14 the Public Utilities Act, as amended, or any similar
15 charges added to customers' bills by retailers who are not
16 subject to rate regulation by the Illinois Commerce
17 Commission for the purpose of recovering any of the tax
18 liabilities or other amounts specified in such provisions
19 of such Act; (iii) the tax imposed by Section 4251 of the
20 Internal Revenue Code; (iv) 911 surcharges; or (v) the tax
21 imposed by the Simplified Municipal Telecommunications Tax
22 Act.

23 (2) Charges for a sent collect telecommunication
24 received outside of the State.

25 (3) Charges for leased time on equipment or charges
26 for the storage of data or information for subsequent

1 retrieval or the processing of data or information
2 intended to change its form or content. Such equipment
3 includes, but is not limited to, the use of calculators,
4 computers, data processing equipment, tabulating
5 equipment, or accounting equipment and also includes the
6 usage of computers under a time-sharing agreement.

7 (4) Charges for customer equipment, including such
8 equipment that is leased or rented by the customer from
9 any source, wherein such charges are disaggregated and
10 separately identified from other charges.

11 (5) Charges to business enterprises certified under
12 Section 9-222.1 of the Public Utilities Act, as amended,
13 or under Section 95 of the Reimagining Energy and Vehicles
14 in Illinois Act, to the extent of such exemption and
15 during the period of time specified by the Department of
16 Commerce and Economic Opportunity.

17 (5.1) Charges to business enterprises certified under
18 the Manufacturing Illinois Chips for Real Opportunity
19 (MICRO) Act, to the extent of the exemption and during the
20 period of time specified by the Department of Commerce and
21 Economic Opportunity.

22 (5.2) Charges to entities certified under Section
23 605-1115 of the Department of Commerce and Economic
24 Opportunity Law of the Civil Administrative Code of
25 Illinois to the extent of the exemption and during the
26 period of time specified by the Department of Commerce and

1 Economic Opportunity.

2 (6) Charges for telecommunications and all services
3 and equipment provided in connection therewith between a
4 parent corporation and its wholly owned subsidiaries or
5 between wholly owned subsidiaries when the tax imposed
6 under this Article has already been paid to a retailer and
7 only to the extent that the charges between the parent
8 corporation and wholly owned subsidiaries or between
9 wholly owned subsidiaries represent expense allocation
10 between the corporations and not the generation of profit
11 for the corporation rendering such service.

12 (7) Bad debts. Bad debt means any portion of a debt
13 that is related to a sale at retail for which gross charges
14 are not otherwise deductible or excludable that has become
15 worthless or uncollectable, as determined under applicable
16 federal income tax standards. If the portion of the debt
17 deemed to be bad is subsequently paid, the retailer shall
18 report and pay the tax on that portion during the
19 reporting period in which the payment is made.

20 (8) Charges paid by inserting coins in coin-operated
21 telecommunication devices.

22 (9) Amounts paid by telecommunications retailers under
23 the Telecommunications Municipal Infrastructure
24 Maintenance Fee Act.

25 (10) Charges for nontaxable services or
26 telecommunications if (i) those charges are aggregated

1 with other charges for telecommunications that are
2 taxable, (ii) those charges are not separately stated on
3 the customer bill or invoice, and (iii) the retailer can
4 reasonably identify the nontaxable charges on the
5 retailer's books and records kept in the regular course of
6 business. If the nontaxable charges cannot reasonably be
7 identified, the gross charge from the sale of both taxable
8 and nontaxable services or telecommunications billed on a
9 combined basis shall be attributed to the taxable services
10 or telecommunications. The burden of proving nontaxable
11 charges shall be on the retailer of the
12 telecommunications.

13 (b) "Amount paid" means the amount charged to the
14 taxpayer's service address in this State regardless of where
15 such amount is billed or paid.

16 (c) "Telecommunications", in addition to the meaning
17 ordinarily and popularly ascribed to it, includes, without
18 limitation, messages or information transmitted through use of
19 local, toll, and wide area telephone service; private line
20 services; channel services; telegraph services;
21 teletypewriter; computer exchange services; cellular mobile
22 telecommunications service; specialized mobile radio;
23 stationary 2-way ~~two-way~~ radio; paging service; or any other
24 form of mobile and portable one-way or 2-way ~~two-way~~
25 communications; or any other transmission of messages or
26 information by electronic or similar means, between or among

1 points by wire, cable, fiber optics ~~fiber-optics~~, laser,
2 microwave, radio, satellite, or similar facilities. As used in
3 this Act, "private line" means a dedicated non-traffic
4 sensitive service for a single customer, that entitles the
5 customer to exclusive or priority use of a communications
6 channel or group of channels, from one or more specified
7 locations to one or more other specified locations. The
8 definition of "telecommunications" shall not include value
9 added services in which computer processing applications are
10 used to act on the form, content, code, and protocol of the
11 information for purposes other than transmission.
12 "Telecommunications" shall not include purchases of
13 telecommunications by a telecommunications service provider
14 for use as a component part of the service provided by him to
15 the ultimate retail consumer who originates or terminates the
16 taxable end-to-end communications. Carrier access charges,
17 right of access charges, charges for use of inter-company
18 facilities, and all telecommunications resold in the
19 subsequent provision of, used as a component of, or integrated
20 into end-to-end telecommunications service shall be
21 non-taxable as sales for resale.

22 (d) "Interstate telecommunications" means all
23 telecommunications that either originate or terminate outside
24 this State.

25 (e) "Intrastate telecommunications" means all
26 telecommunications that originate and terminate within this

1 State.

2 (f) "Department" means the Department of Revenue of the
3 State of Illinois.

4 (g) "Director" means the Director of Revenue for the
5 Department of Revenue of the State of Illinois.

6 (h) "Taxpayer" means a person who individually or through
7 his agents, employees, or permittees engages in the act or
8 privilege of originating or receiving telecommunications in
9 this State and who incurs a tax liability under this Article.

10 (i) "Person" means any natural individual, firm, trust,
11 estate, partnership, association, joint stock company, joint
12 venture, corporation, limited liability company, or a
13 receiver, trustee, guardian or other representative appointed
14 by order of any court, the federal ~~Federal~~ and State
15 governments, including State universities created by statute
16 or any city, town, county, or other political subdivision of
17 this State.

18 (j) "Purchase at retail" means the acquisition,
19 consumption, or use of telecommunication through a sale at
20 retail.

21 (k) "Sale at retail" means the transmitting, supplying, or
22 furnishing of telecommunications and all services and
23 equipment provided in connection therewith for a consideration
24 to persons other than the federal ~~Federal~~ and State
25 governments, and State universities created by statute and
26 other than between a parent corporation and its wholly owned

1 subsidiaries or between wholly owned subsidiaries for their
2 use or consumption and not for resale.

3 (l) "Retailer" means and includes every person engaged in
4 the business of making sales at retail as defined in this
5 Article. The Department may, in its discretion, upon
6 application, authorize the collection of the tax hereby
7 imposed by any retailer not maintaining a place of business
8 within this State, who, to the satisfaction of the Department,
9 furnishes adequate security to insure collection and payment
10 of the tax. Such retailer shall be issued, without charge, a
11 permit to collect such tax. When so authorized, it shall be the
12 duty of such retailer to collect the tax upon all of the gross
13 charges for telecommunications in this State in the same
14 manner and subject to the same requirements as a retailer
15 maintaining a place of business within this State. The permit
16 may be revoked by the Department at its discretion.

17 (m) "Retailer maintaining a place of business in this
18 State", or any like term, means and includes any retailer
19 having or maintaining within this State, directly or by a
20 subsidiary, an office, distribution facilities, transmission
21 facilities, sales office, warehouse or other place of
22 business, or any agent or other representative operating
23 within this State under the authority of the retailer or its
24 subsidiary, irrespective of whether such place of business or
25 agent or other representative is located here permanently or
26 temporarily, or whether such retailer or subsidiary is

1 licensed to do business in this State.

2 (n) "Service address" means the location of
3 telecommunications equipment from which the telecommunications
4 services are originated or at which telecommunications
5 services are received by a taxpayer. In the event this may not
6 be a defined location, as in the case of mobile phones, paging
7 systems, maritime systems, "service address" means the
8 customer's place of primary use as defined in the Mobile
9 Telecommunications Sourcing Conformity Act. For air-to-ground
10 systems and the like, "service address" shall mean the
11 location of a taxpayer's primary use of the telecommunications
12 equipment as defined by telephone number, authorization code,
13 or location in Illinois where bills are sent.

14 (o) "Prepaid telephone calling arrangements" mean the
15 right to exclusively purchase telephone or telecommunications
16 services that must be paid for in advance and enable the
17 origination of one or more intrastate, interstate, or
18 international telephone calls or other telecommunications
19 using an access number, an authorization code, or both,
20 whether manually or electronically dialed, for which payment
21 to a retailer must be made in advance, provided that, unless
22 recharged, no further service is provided once that prepaid
23 amount of service has been consumed, and provided further
24 that, on and after January 1, 2026, the telephone or
25 telecommunications services included in such arrangement are
26 obtained through the purchase of a preloaded phone, calling

1 card, or other item of tangible personal property. Prepaid
2 telephone calling arrangements include the recharge of a
3 prepaid calling arrangement if and only if, on and after
4 January 1, 2026, the additional telephone or
5 telecommunications services included in the recharge are
6 obtained through the purchase of a preloaded phone, calling
7 card, or other item of tangible personal property. For
8 purposes of this subsection, "recharge" means the purchase of
9 additional prepaid telephone or telecommunications services
10 whether or not the purchaser acquires a different access
11 number or authorization code. "Prepaid telephone calling
12 arrangement" does not include an arrangement whereby a
13 customer purchases a payment card and pursuant to which the
14 service provider reflects the amount of such purchase as a
15 credit on an invoice issued to that customer under an existing
16 subscription plan, nor, on and after January 1, 2026, does it
17 include a recharge that is not obtained through the purchase
18 of a preloaded phone, calling card, or other item of tangible
19 personal property.

20 (Source: P.A. 102-669, eff. 11-16-21; 102-700, eff. 4-19-22;
21 102-1125, eff. 2-3-23; 103-595, eff. 6-26-24; revised
22 10-21-24.)