



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB1340

Introduced 1/28/2025, by Sen. Dale Fowler

#### SYNOPSIS AS INTRODUCED:

35 ILCS 173/5-10

35 ILCS 615/1

35 ILCS 640/2-4

from Ch. 120, par. 467.16

Amends the Gas Use Tax Law. Exempts certain business enterprises from taxation under the Act. Amends the Gas Revenue Tax Act. Provides that the definition of "gross receipts" does not include consideration received from certain business enterprises. Amends the Electricity Excise Tax Law. Provides that the tax under the Act is not imposed with respect to any use by the purchaser in the process of manufacturing or assembling tangible personal property for wholesale or for retail sale or lease. Effective immediately.

LRB104 06513 HLH 16549 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 Gas Use Tax Law is amended by changing  
5 Section 5-10 as follows:

6 (35 ILCS 173/5-10)

7 Sec. 5-10. Imposition of tax. Beginning October 1, 2003, a  
8 tax is imposed upon the privilege of using in this State gas  
9 obtained in a purchase of out-of-state gas at the rate of 2.4  
10 cents per therm or 5% of the purchase price for the billing  
11 period, whichever is the lower rate. Such tax rate shall be  
12 referred to as the "self-assessing purchaser tax rate".  
13 Beginning with bills issued by delivering suppliers on and  
14 after October 1, 2003, purchasers may elect an alternative tax  
15 rate of 2.4 cents per therm to be paid under the provisions of  
16 Section 5-15 of this Law to a delivering supplier maintaining  
17 a place of business in this State. Such tax rate shall be  
18 referred to as the "alternate tax rate". The tax imposed under  
19 this Section shall not apply to gas used by business  
20 enterprises certified under Section 9-222.1 of the Public  
21 Utilities Act or Section 605-1115 of the Department of  
22 Commerce and Economic Opportunity Law of the Civil  
23 Administrative Code of Illinois, as amended, to the extent of

1 such exemption and during the period of time specified by the  
2 Department of Commerce and Economic Opportunity.

3 The tax imposed under this Section does not apply to gas  
4 used by any business enterprise that is properly assigned or  
5 included within one of the following Standard Industrial  
6 Classifications, as designated in the 1987 Standard Industrial  
7 Classification Manual prepared by the federal Office of  
8 Management and Budget: 10; 12; 13; 14; 21; 22; 23; 24; 25; 26;  
9 27; 28; 29; 30; 31; 32; 33; 34; 35; 36; 37; 38; or 39.

10 (Source: P.A. 103-595, eff. 6-26-24.)

11 Section 10. The Gas Revenue Tax Act is amended by changing  
12 Section 1 as follows:

13 (35 ILCS 615/1) (from Ch. 120, par. 467.16)

14 Sec. 1. For the purposes of this Act: "Gross receipts"  
15 means the consideration received for gas distributed,  
16 supplied, furnished or sold to persons for use or consumption  
17 and not for resale, and for all services (including the  
18 transportation or storage of gas for an end-user) rendered in  
19 connection therewith, and shall include cash, services and  
20 property of every kind or nature, and shall be determined  
21 without any deduction on account of the cost of the service,  
22 product or commodity supplied, the cost of materials used,  
23 labor or service costs, or any other expense whatsoever.  
24 However, "gross receipts" shall not include receipts from:

1 (i) any minimum or other charge for gas or gas service  
2 where the customer has taken no therms of gas;

3 (ii) any charge for a dishonored check;

4 (iii) any finance or credit charge, penalty or charge  
5 for delayed payment, or discount for prompt payment;

6 (iv) any charge for reconnection of service or for  
7 replacement or relocation of facilities;

8 (v) any advance or contribution in aid of  
9 construction;

10 (vi) repair, inspection or servicing of equipment  
11 located on customer premises;

12 (vii) leasing or rental of equipment, the leasing or  
13 rental of which is not necessary to distributing,  
14 furnishing, supplying, selling, transporting or storing  
15 gas;

16 (viii) any sale to a customer if the taxpayer is  
17 prohibited by federal or State constitution, treaty,  
18 convention, statute or court decision from recovering the  
19 related tax liability from such customer;

20 (ix) any charges added to customers' bills pursuant to  
21 the provisions of Section 9-221 or Section 9-222 of the  
22 Public Utilities Act, as amended, or any charges added to  
23 customers' bills by taxpayers who are not subject to rate  
24 regulation by the Illinois Commerce Commission for the  
25 purpose of recovering any of the tax liabilities or other  
26 amounts specified in such provisions of such Act; and

1 (x) prior to October 1, 2003, any charge for gas or gas  
2 services to a customer who acquired contractual rights for  
3 the direct purchase of gas or gas services originating  
4 from an out-of-state supplier or source on or before March  
5 1, 1995, except for those charges solely related to the  
6 local distribution of gas by a public utility. This  
7 exemption includes any charge for gas or gas service,  
8 except for those charges solely related to the local  
9 distribution of gas by a public utility, to a customer who  
10 maintained an account with a public utility (as defined in  
11 Section 3-105 of the Public Utilities Act) for the  
12 transportation of customer-owned gas on or before March 1,  
13 1995. The provisions of this amendatory Act of 1997 are  
14 intended to clarify, rather than change, existing law as  
15 to the meaning and scope of this exemption. This exemption  
16 (x) expires on September 30, 2003.

17 In case credit is extended, the amount thereof shall be  
18 included only as and when payments are received.

19 "Gross receipts" shall not include consideration received  
20 from business enterprises certified under Section 9-222.1 of  
21 the Public Utilities Act, as amended, to the extent of such  
22 exemption and during the period of time specified by the  
23 Department of Commerce and Economic Opportunity.

24 "Gross receipts" does not include consideration received  
25 from any business enterprise that is properly assigned or  
26 included within one of the following Standard Industrial

1 Classifications, as designated in the 1987 Standard Industrial  
2 Classification Manual prepared by the federal Office of  
3 Management and Budget: 10; 12; 13; 14; 21; 22; 23; 24; 25; 26;  
4 27; 28; 29; 30; 31; 32; 33; 34; 35; 36; 37; 38; or 39.

5 "Department" means the Department of Revenue of the State  
6 of Illinois.

7 "Director" means the Director of Revenue for the  
8 Department of Revenue of the State of Illinois.

9 "Taxpayer" means a person engaged in the business of  
10 distributing, supplying, furnishing or selling gas for use or  
11 consumption and not for resale.

12 "Person" means any natural individual, firm, trust,  
13 estate, partnership, association, joint stock company, joint  
14 adventure, corporation, limited liability company, or a  
15 receiver, trustee, guardian or other representative appointed  
16 by order of any court, or any city, town, county or other  
17 political subdivision of this State.

18 "Invested capital" means that amount equal to (i) the  
19 average of the balances at the beginning and end of each  
20 taxable period of the taxpayer's total stockholder's equity  
21 and total long-term debt, less investments in and advances to  
22 all corporations, as set forth on the balance sheets included  
23 in the taxpayer's annual report to the Illinois Commerce  
24 Commission for the taxable period; (ii) multiplied by a  
25 fraction determined under Sections 301 and 304(a) of the  
26 "Illinois Income Tax Act" and reported on the Illinois income

1 tax return for the taxable period ending in or with the taxable  
2 period in question. However, notwithstanding the income tax  
3 return reporting requirement stated above, beginning July 1,  
4 1979, no taxpayer's denominators used to compute the sales,  
5 property or payroll factors under subsection (a) of Section  
6 304 of the Illinois Income Tax Act shall include payroll,  
7 property or sales of any corporate entity other than the  
8 taxpayer for the purposes of determining an allocation for the  
9 invested capital tax. This amendatory Act of 1982, Public Act  
10 82-1024, is not intended to and does not make any change in the  
11 meaning of any provision of this Act, it having been the intent  
12 of the General Assembly in initially enacting the definition  
13 of "invested capital" to provide for apportionment of the  
14 invested capital of each company, based solely upon the sales,  
15 property and payroll of that company.

16 "Taxable period" means each period which ends after the  
17 effective date of this Act and which is covered by an annual  
18 report filed by the taxpayer with the Illinois Commerce  
19 Commission.

20 (Source: P.A. 93-31, eff. 10-1-03; 94-793, eff. 5-19-06.)

21 Section 15. The Electricity Excise Tax Law is amended by  
22 changing Section 2-4 as follows:

23 (35 ILCS 640/2-4)

24 Sec. 2-4. Tax imposed.

1 (a) Except as provided in subsection (b), a tax is imposed  
2 on the privilege of using in this State electricity purchased  
3 for use or consumption and not for resale, other than by  
4 municipal corporations owning and operating a local  
5 transportation system for public service, at the following  
6 rates per kilowatt-hour delivered to the purchaser:

7 (i) For the first 2000 kilowatt-hours used or consumed  
8 in a month: 0.330 cents per kilowatt-hour;

9 (ii) For the next 48,000 kilowatt-hours used or  
10 consumed in a month: 0.319 cents per kilowatt-hour;

11 (iii) For the next 50,000 kilowatt-hours used or  
12 consumed in a month: 0.303 cents per kilowatt-hour;

13 (iv) For the next 400,000 kilowatt-hours used or  
14 consumed in a month: 0.297 cents per kilowatt-hour;

15 (v) For the next 500,000 kilowatt-hours used or  
16 consumed in a month: 0.286 cents per kilowatt-hour;

17 (vi) For the next 2,000,000 kilowatt-hours used or  
18 consumed in a month: 0.270 cents per kilowatt-hour;

19 (vii) For the next 2,000,000 kilowatt-hours used or  
20 consumed in a month: 0.254 cents per kilowatt-hour;

21 (viii) For the next 5,000,000 kilowatt-hours used or  
22 consumed in a month: 0.233 cents per kilowatt-hour;

23 (ix) For the next 10,000,000 kilowatt-hours used or  
24 consumed in a month: 0.207 cents per kilowatt-hour;

25 (x) For all electricity in excess of 20,000,000  
26 kilowatt-hours used or consumed in a month: 0.202 cents

1 per kilowatt-hour.

2 Provided, that in lieu of the foregoing rates, the tax is  
3 imposed on a self-assessing purchaser at the rate of 5.1% of  
4 the self-assessing purchaser's purchase price for all  
5 electricity distributed, supplied, furnished, sold,  
6 transmitted and delivered to the self-assessing purchaser in a  
7 month.

8 (b) A tax is imposed on the privilege of using in this  
9 State electricity purchased from a municipal system or  
10 electric cooperative, as defined in Article XVII of the Public  
11 Utilities Act, which has not made an election as permitted by  
12 either Section 17-200 or Section 17-300 of such Act, at the  
13 lesser of 0.32 cents per kilowatt hour of all electricity  
14 distributed, supplied, furnished, sold, transmitted, and  
15 delivered by such municipal system or electric cooperative to  
16 the purchaser or 5% of each such purchaser's purchase price  
17 for all electricity distributed, supplied, furnished, sold,  
18 transmitted, and delivered by such municipal system or  
19 electric cooperative to the purchaser, whichever is the lower  
20 rate as applied to each purchaser in each billing period.

21 (c) The tax imposed by this Section 2-4 is not imposed with  
22 respect to any use of electricity by business enterprises  
23 certified under Section 9-222.1 or 9-222.1A of the Public  
24 Utilities Act, as amended, to the extent of such exemption and  
25 during the time specified by the Department of Commerce and  
26 Economic Opportunity; or with respect to any transaction in

1 interstate commerce, or otherwise, to the extent to which such  
2 transaction may not, under the Constitution and statutes of  
3 the United States, be made the subject of taxation by this  
4 State.

5 (d) The tax imposed by this Section 2-4 is not imposed with  
6 respect to any use of electricity at a REV Illinois Project  
7 site that has received a certification for tax exemption from  
8 the Department of Commerce and Economic Opportunity pursuant  
9 to Section 95 of the Reimagining Energy and Vehicles in  
10 Illinois Act, to the extent of such exemption, which shall be  
11 no more than 10 years.

12 (e) The tax imposed by this Section 2-4 is not imposed with  
13 respect to any use of electricity at a project site that has  
14 received a certification for tax exemption from the Department  
15 of Commerce and Economic Opportunity pursuant to the  
16 Manufacturing Illinois Chips for Real Opportunity (MICRO) Act,  
17 to the extent of such exemption, which shall be no more than 10  
18 years.

19 (f) The tax imposed by this Section 2-4 is not imposed with  
20 respect to any use of electricity at a quantum computing  
21 campus that has received a certification for tax exemption  
22 from the Department of Commerce and Economic Opportunity  
23 pursuant to Section 605-1115 of the Department of Commerce and  
24 Economic Opportunity Law of the Civil Administrative Code of  
25 Illinois to the extent of the exemption and during the period  
26 of time specified by the Department of Commerce and Economic

1 Opportunity.

2 (g) The tax imposed by this Section 2-4 is not imposed with  
3 respect to any use by the purchaser in the process of  
4 manufacturing or assembling tangible personal property for  
5 wholesale or for retail sale or lease.

6 (Source: P.A. 102-669, eff. 11-16-21; 102-700, eff. 4-19-22;  
7 102-1125, eff. 2-3-23; 103-595, eff. 6-26-24.)

8 Section 99. Effective date. This Act takes effect upon  
9 becoming law.