



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3628

Introduced 2/5/2026, by Sen. Sara Feigenholtz

SYNOPSIS AS INTRODUCED:

35 ILCS 120/2a	from Ch. 120, par. 441a
35 ILCS 120/2b	from Ch. 120, par. 441b
235 ILCS 5/1-3.47 new	
235 ILCS 5/7-6.5 new	

Amends the Retailers' Occupation Tax Act. Provides that, if a person who is licensed as a retailer of alcoholic liquor has had the renewal of his or her certificate of registration denied or has had his or her certificate of registration revoked, then the Department of Revenue shall file a notice with the Liquor Control Commission that includes a certification, signed by the Director of Revenue or his or her designee, attesting that the person's certificate of registration renewal has been denied or revoked after notice and an opportunity to be heard. Amends the Liquor Control Act of 1934. Provides that the Liquor Control Commission shall inactivate the license of any licensee authorized to sell alcoholic liquor at retail if that person's certificate of registration renewal has been denied by the Department of Revenue or that person's certificate of registration has been revoked by the Department of Revenue. Effective July 1, 2026.

LRB104 16367 HLH 29754 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 Retailers' Occupation Tax Act is amended by
5 changing Sections 2a and 2b as follows:

6 (35 ILCS 120/2a) (from Ch. 120, par. 441a)

7 Sec. 2a. Registration of retailers. It is unlawful for any
8 person to engage in the business of selling, which, on and
9 after January 1, 2025, includes leasing, tangible personal
10 property at retail in this State without a certificate of
11 registration from the Department. Application for a
12 certificate of registration shall be made to the Department
13 upon forms furnished by it. Each such application shall be
14 signed and verified and shall state: (1) the name and social
15 security number of the applicant; (2) the address of his
16 principal place of business; (3) the address of the principal
17 place of business from which he engages in the business of
18 selling tangible personal property at retail in this State and
19 the addresses of all other places of business, if any
20 (enumerating such addresses, if any, in a separate list
21 attached to and made a part of the application), from which he
22 engages in the business of selling tangible personal property
23 at retail in this State; (4) the name and address of the person

1 or persons who will be responsible for filing returns and
2 payment of taxes due under this Act; (5) in the case of a
3 publicly traded corporation, the name and title of the Chief
4 Financial Officer, Chief Operating Officer, and any other
5 officer or employee with responsibility for preparing tax
6 returns under this Act, and, in the case of all other
7 corporations, the name, title, and social security number of
8 each corporate officer; (6) in the case of a limited liability
9 company, the name, social security number, and FEIN number of
10 each manager and member; and (7) such other information as the
11 Department may reasonably require. The application shall
12 contain an acceptance of responsibility signed by the person
13 or persons who will be responsible for filing returns and
14 payment of the taxes due under this Act. If the applicant will
15 sell tangible personal property at retail through vending
16 machines, his application to register shall indicate the
17 number of vending machines to be so operated. If requested by
18 the Department at any time, that person shall verify the total
19 number of vending machines he or she uses in his or her
20 business of selling tangible personal property at retail.

21 The Department shall provide by rule for an expedited
22 business registration process for remote retailers required to
23 register and file under subsection (b) of Section 2 who use a
24 certified service provider to file their returns under this
25 Act. Such expedited registration process shall allow the
26 Department to register a taxpayer based upon the same

1 registration information required by the Streamlined Sales Tax
2 Governing Board for states participating in the Streamlined
3 Sales Tax Project.

4 The Department may deny a certificate of registration to
5 any applicant if a person who is named as the owner, a partner,
6 a manager or member of a limited liability company, or a
7 corporate officer of the applicant on the application for the
8 certificate of registration is or has been named as the owner,
9 a partner, a manager or member of a limited liability company,
10 or a corporate officer on the application for the certificate
11 of registration of another retailer that (i) is in default for
12 moneys due under this Act or any other tax or fee Act
13 administered by the Department or (ii) fails to file any
14 return, on or before the due date prescribed for filing that
15 return (including any extensions of time granted by the
16 Department), that the retailer is required to file under this
17 Act or any other tax or fee Act administered by the Department.
18 For purposes of this paragraph only, in determining whether a
19 person is in default for moneys due, the Department shall
20 include only amounts established as a final liability within
21 the 23 years prior to the date of the Department's notice of
22 denial of a certificate of registration.

23 The Department may require an applicant for a certificate
24 of registration hereunder to, at the time of filing such
25 application, furnish a bond from a surety company authorized
26 to do business in the State of Illinois, or an irrevocable bank

1 letter of credit or a bond signed by 2 personal sureties who
2 have filed, with the Department, sworn statements disclosing
3 net assets equal to at least 3 times the amount of the bond to
4 be required of such applicant, or a bond secured by an
5 assignment of a bank account or certificate of deposit, stocks
6 or bonds, conditioned upon the applicant paying to the State
7 of Illinois all moneys becoming due under this Act and under
8 any other State tax law or municipal or county tax ordinance or
9 resolution under which the certificate of registration that is
10 issued to the applicant under this Act will permit the
11 applicant to engage in business without registering separately
12 under such other law, ordinance or resolution. In making a
13 determination as to whether to require a bond or other
14 security, the Department shall take into consideration whether
15 the owner, any partner, any manager or member of a limited
16 liability company, or a corporate officer of the applicant is
17 or has been the owner, a partner, a manager or member of a
18 limited liability company, or a corporate officer of another
19 retailer that is in default for moneys due under this Act or
20 any other tax or fee Act administered by the Department; and
21 whether the owner, any partner, any manager or member of a
22 limited liability company, or a corporate officer of the
23 applicant is or has been the owner, a partner, a manager or
24 member of a limited liability company, or a corporate officer
25 of another retailer whose certificate of registration has been
26 revoked within the previous 5 years under this Act or any other

1 tax or fee Act administered by the Department. If a bond or
2 other security is required, the Department shall fix the
3 amount of the bond or other security, taking into
4 consideration the amount of money expected to become due from
5 the applicant under this Act and under any other State tax law
6 or municipal or county tax ordinance or resolution under which
7 the certificate of registration that is issued to the
8 applicant under this Act will permit the applicant to engage
9 in business without registering separately under such other
10 law, ordinance, or resolution. The amount of security required
11 by the Department shall be such as, in its opinion, will
12 protect the State of Illinois against failure to pay the
13 amount which may become due from the applicant under this Act
14 and under any other State tax law or municipal or county tax
15 ordinance or resolution under which the certificate of
16 registration that is issued to the applicant under this Act
17 will permit the applicant to engage in business without
18 registering separately under such other law, ordinance or
19 resolution, but the amount of the security required by the
20 Department shall not exceed three times the amount of the
21 applicant's average monthly tax liability, or \$50,000.00,
22 whichever amount is lower.

23 No certificate of registration under this Act shall be
24 issued by the Department until the applicant provides the
25 Department with satisfactory security, if required, as herein
26 provided for.

1 Upon receipt of the application for certificate of
2 registration in proper form, and upon approval by the
3 Department of the security furnished by the applicant, if
4 required, the Department shall issue to such applicant, in the
5 manner and form determined by the Department, a certificate of
6 registration which shall permit the person to whom it is
7 issued to engage in the business of selling tangible personal
8 property at retail in this State. The certificate of
9 registration shall be conspicuously displayed, in the manner
10 and form as the Department may require by rule, at the place of
11 business which the person so registered states in his
12 application to be the principal place of business from which
13 he engages in the business of selling tangible personal
14 property at retail in this State.

15 No certificate of registration issued prior to July 1,
16 2017 to a taxpayer who files returns required by this Act on a
17 monthly basis or renewed prior to July 1, 2017 by a taxpayer
18 who files returns required by this Act on a monthly basis shall
19 be valid after the expiration of 5 years from the date of its
20 issuance or last renewal. No certificate of registration
21 issued on or after July 1, 2017 to a taxpayer who files returns
22 required by this Act on a monthly basis or renewed on or after
23 July 1, 2017 by a taxpayer who files returns required by this
24 Act on a monthly basis shall be valid after the expiration of
25 one year from the date of its issuance or last renewal. The
26 expiration date of a sub-certificate of registration shall be

1 that of the certificate of registration to which the
2 sub-certificate relates. Prior to July 1, 2017, a certificate
3 of registration shall automatically be renewed, subject to
4 revocation as provided by this Act, for an additional 5 years
5 from the date of its expiration unless otherwise notified by
6 the Department as provided by this paragraph. On and after
7 July 1, 2017, a certificate of registration shall
8 automatically be renewed, subject to revocation as provided by
9 this Act, for an additional one year from the date of its
10 expiration unless otherwise notified by the Department as
11 provided by this paragraph.

12 Where a taxpayer to whom a certificate of registration is
13 issued under this Act is in default to the State of Illinois
14 for delinquent returns or for moneys due under this Act or any
15 other State tax law or municipal or county ordinance
16 administered or enforced by the Department, the Department
17 shall, not less than 60 days before the expiration date of such
18 certificate of registration, give notice to the taxpayer to
19 whom the certificate was issued of the account period of the
20 delinquent returns, the amount of tax, penalty and interest
21 due and owing from the taxpayer, and that the certificate of
22 registration shall not be automatically renewed upon its
23 expiration date unless the taxpayer, on or before the date of
24 expiration, has filed and paid the delinquent returns or paid
25 the defaulted amount in full. A taxpayer to whom such a notice
26 is issued shall be deemed an applicant for renewal. The

1 Department shall promulgate regulations establishing
2 procedures for taxpayers who file returns on a monthly basis
3 but desire and qualify to change to a quarterly or yearly
4 filing basis and will no longer be subject to renewal under
5 this Section, and for taxpayers who file returns on a yearly or
6 quarterly basis but who desire or are required to change to a
7 monthly filing basis and will be subject to renewal under this
8 Section.

9 The Department may in its discretion approve renewal by an
10 applicant who is in default if, at the time of application for
11 renewal, the applicant files all of the delinquent returns or
12 pays to the Department such percentage of the defaulted amount
13 as may be determined by the Department and agrees in writing to
14 waive all limitations upon the Department for collection of
15 the remaining defaulted amount to the Department over a period
16 not to exceed 5 years from the date of renewal of the
17 certificate; however, no renewal application submitted by an
18 applicant who is in default shall be approved if the
19 immediately preceding renewal by the applicant was conditioned
20 upon the installment payment agreement described in this
21 Section. The payment agreement herein provided for shall be in
22 addition to and not in lieu of the security that may be
23 required by this Section of a taxpayer who is no longer
24 considered a prior continuous compliance taxpayer. The
25 execution of the payment agreement as provided in this Act
26 shall not toll the accrual of interest at the statutory rate.

1 The Department may suspend a certificate of registration
2 if the Department finds that the person to whom the
3 certificate of registration has been issued knowingly sold
4 contraband cigarettes.

5 A certificate of registration issued under this Act more
6 than 5 years before January 1, 1990 (the effective date of
7 Public Act 86-383) shall expire and be subject to the renewal
8 provisions of this Section on the next anniversary of the date
9 of issuance of such certificate which occurs more than 6
10 months after January 1, 1990 (the effective date of Public Act
11 86-383). A certificate of registration issued less than 5
12 years before January 1, 1990 (the effective date of Public Act
13 86-383) shall expire and be subject to the renewal provisions
14 of this Section on the 5th anniversary of the issuance of the
15 certificate.

16 If a person who is licensed as a retailer of alcoholic
17 liquor under the Liquor Control Act of 1934 has had the renewal
18 of his or her certificate of registration denied under this
19 Section 2a, then, pursuant to Section 7-6.5 of the Liquor
20 Control Act of 1934, the Department shall file a notice with
21 the Liquor Control Commission that includes a certification,
22 signed by the Director of Revenue or his or her designee,
23 attesting that the person's certificate of registration
24 renewal has been denied after notice and an opportunity to be
25 heard.

26 If the person so registered states that he operates other

1 places of business from which he engages in the business of
2 selling tangible personal property at retail in this State,
3 the Department shall furnish him with a sub-certificate of
4 registration for each such place of business, and the
5 applicant shall display the appropriate sub-certificate of
6 registration at each such place of business. All
7 sub-certificates of registration shall bear the same
8 registration number as that appearing upon the certificate of
9 registration to which such sub-certificates relate.

10 If the applicant will sell tangible personal property at
11 retail through vending machines, the Department shall furnish
12 him with a sub-certificate of registration for each such
13 vending machine, and the applicant shall display the
14 appropriate sub-certificate of registration on each such
15 vending machine by attaching the sub-certificate of
16 registration to a conspicuous part of such vending machine. If
17 a person who is registered to sell tangible personal property
18 at retail through vending machines adds an additional vending
19 machine or additional vending machines to the number of
20 vending machines he or she uses in his or her business of
21 selling tangible personal property at retail, he or she shall
22 notify the Department, on a form prescribed by the Department,
23 to request an additional sub-certificate or additional
24 sub-certificates of registration, as applicable. With each
25 such request, the applicant shall report the number of
26 sub-certificates of registration he or she is requesting as

1 well as the total number of vending machines from which he or
2 she makes retail sales.

3 Where the same person engages in 2 or more businesses of
4 selling tangible personal property at retail in this State,
5 which businesses are substantially different in character or
6 engaged in under different trade names or engaged in under
7 other substantially dissimilar circumstances (so that it is
8 more practicable, from an accounting, auditing or bookkeeping
9 standpoint, for such businesses to be separately registered),
10 the Department may require or permit such person (subject to
11 the same requirements concerning the furnishing of security as
12 those that are provided for hereinbefore in this Section as to
13 each application for a certificate of registration) to apply
14 for and obtain a separate certificate of registration for each
15 such business or for any of such businesses, under a single
16 certificate of registration supplemented by related
17 sub-certificates of registration.

18 Any person who is registered under the Retailers'
19 Occupation Tax Act as of March 8, 1963, and who, during the
20 3-year period immediately prior to March 8, 1963, or during a
21 continuous 3-year period part of which passed immediately
22 before and the remainder of which passes immediately after
23 March 8, 1963, has been so registered continuously and who is
24 determined by the Department not to have been either
25 delinquent or deficient in the payment of tax liability during
26 that period under this Act or under any other State tax law or

1 municipal or county tax ordinance or resolution under which
2 the certificate of registration that is issued to the
3 registrant under this Act will permit the registrant to engage
4 in business without registering separately under such other
5 law, ordinance or resolution, shall be considered to be a
6 Prior Continuous Compliance taxpayer. Also any taxpayer who
7 has, as verified by the Department, faithfully and
8 continuously complied with the condition of his bond or other
9 security under the provisions of this Act for a period of 3
10 consecutive years shall be considered to be a Prior Continuous
11 Compliance taxpayer.

12 Every Prior Continuous Compliance taxpayer shall be exempt
13 from all requirements under this Act concerning the furnishing
14 of a bond or other security as a condition precedent to his
15 being authorized to engage in the business of selling tangible
16 personal property at retail in this State. This exemption
17 shall continue for each such taxpayer until such time as he may
18 be determined by the Department to be delinquent in the filing
19 of any returns, or is determined by the Department (either
20 through the Department's issuance of a final assessment which
21 has become final under the Act, or by the taxpayer's filing of
22 a return which admits tax that is not paid to be due) to be
23 delinquent or deficient in the paying of any tax under this Act
24 or under any other State tax law or municipal or county tax
25 ordinance or resolution under which the certificate of
26 registration that is issued to the registrant under this Act

1 will permit the registrant to engage in business without
2 registering separately under such other law, ordinance or
3 resolution, at which time that taxpayer shall become subject
4 to all the financial responsibility requirements of this Act
5 and, as a condition of being allowed to continue to engage in
6 the business of selling tangible personal property at retail,
7 may be required to post bond or other acceptable security with
8 the Department covering liability which such taxpayer may
9 thereafter incur. Any taxpayer who fails to pay an admitted or
10 established liability under this Act may also be required to
11 post bond or other acceptable security with this Department
12 guaranteeing the payment of such admitted or established
13 liability.

14 No certificate of registration shall be issued to any
15 person who is in default to the State of Illinois for moneys
16 due under this Act or under any other State tax law or
17 municipal or county tax ordinance or resolution under which
18 the certificate of registration that is issued to the
19 applicant under this Act will permit the applicant to engage
20 in business without registering separately under such other
21 law, ordinance or resolution.

22 Any person aggrieved by any decision of the Department
23 under this Section may, within 20 days after notice of such
24 decision, protest and request a hearing, whereupon the
25 Department shall give notice to such person of the time and
26 place fixed for such hearing and shall hold a hearing in

1 conformity with the provisions of this Act and then issue its
2 final administrative decision in the matter to such person. In
3 the absence of such a protest within 20 days, the Department's
4 decision shall become final without any further determination
5 being made or notice given.

6 With respect to security other than bonds (upon which the
7 Department may sue in the event of a forfeiture), if the
8 taxpayer fails to pay, when due, any amount whose payment such
9 security guarantees, the Department shall, after such
10 liability is admitted by the taxpayer or established by the
11 Department through the issuance of a final assessment that has
12 become final under the law, convert the security which that
13 taxpayer has furnished into money for the State, after first
14 giving the taxpayer at least 10 days' written notice, by
15 registered or certified mail, to pay the liability or forfeit
16 such security to the Department. If the security consists of
17 stocks or bonds or other securities which are listed on a
18 public exchange, the Department shall sell such securities
19 through such public exchange. If the security consists of an
20 irrevocable bank letter of credit, the Department shall
21 convert the security in the manner provided for in the Uniform
22 Commercial Code. If the security consists of a bank
23 certificate of deposit, the Department shall convert the
24 security into money by demanding and collecting the amount of
25 such bank certificate of deposit from the bank which issued
26 such certificate. If the security consists of a type of stocks

1 or other securities which are not listed on a public exchange,
2 the Department shall sell such security to the highest and
3 best bidder after giving at least 10 days' notice of the date,
4 time and place of the intended sale by publication in the
5 "State Official Newspaper". If the Department realizes more
6 than the amount of such liability from the security, plus the
7 expenses incurred by the Department in converting the security
8 into money, the Department shall pay such excess to the
9 taxpayer who furnished such security, and the balance shall be
10 paid into the State Treasury.

11 The Department shall discharge any surety and shall
12 release and return any security deposited, assigned, pledged
13 or otherwise provided to it by a taxpayer under this Section
14 within 30 days after:

15 (1) such taxpayer becomes a Prior Continuous
16 Compliance taxpayer; or

17 (2) such taxpayer has ceased to collect receipts on
18 which he is required to remit tax to the Department, has
19 filed a final tax return, and has paid to the Department an
20 amount sufficient to discharge his remaining tax
21 liability, as determined by the Department, under this Act
22 and under every other State tax law or municipal or county
23 tax ordinance or resolution under which the certificate of
24 registration issued under this Act permits the registrant
25 to engage in business without registering separately under
26 such other law, ordinance or resolution. The Department

1 shall make a final determination of the taxpayer's
2 outstanding tax liability as expeditiously as possible
3 after his final tax return has been filed; if the
4 Department cannot make such final determination within 45
5 days after receiving the final tax return, within such
6 period it shall so notify the taxpayer, stating its
7 reasons therefor.

8 (Source: P.A. 103-319, eff. 1-1-24; 103-592, eff. 1-1-25;
9 104-6, eff. 6-16-25.)

10 (35 ILCS 120/2b) (from Ch. 120, par. 441b)

11 Sec. 2b. The Department may, after notice and a hearing as
12 provided herein, revoke the certificate of registration of any
13 person who violates any of the provisions of this Act. Before
14 revocation of a certificate of registration the Department
15 shall, within 90 days after non-compliance and at least 7 days
16 prior to the date of the hearing, give the person so accused
17 notice in writing of the charge against him or her, and on the
18 date designated shall conduct a hearing upon this matter. The
19 lapse of such 90 day period shall not preclude the Department
20 from conducting revocation proceedings at a later date if
21 necessary. Any hearing held under this Section shall be
22 conducted by the Director of Revenue or by any officer or
23 employee of the Department designated, in writing, by the
24 Director of Revenue.

25 Upon the hearing of any such proceeding, the Director of

1 Revenue, or any officer or employee of the Department
2 designated, in writing, by the Director of Revenue, may
3 administer oaths and the Department may procure by its
4 subpoena the attendance of witnesses and, by its subpoena
5 duces tecum, the production of relevant books and papers. Any
6 circuit court, upon application either of the accused or of
7 the Department, may, by order duly entered, require the
8 attendance of witnesses and the production of relevant books
9 and papers, before the Department in any hearing relating to
10 the revocation of certificates of registration. Upon refusal
11 or neglect to obey the order of the court, the court may compel
12 obedience thereof by proceedings for contempt.

13 The Department may, by application to any circuit court,
14 obtain an injunction restraining any person who engages in the
15 business of selling tangible personal property at retail in
16 this State without a certificate of registration (either
17 because the certificate of registration has been revoked or
18 because of a failure to obtain a certificate of registration
19 in the first instance) from engaging in such business until
20 such person, as if he or she were a new applicant for a
21 certificate of registration, shall comply with all of the
22 conditions, restrictions and requirements of Section 2a of
23 this Act and qualify for and obtain a certificate of
24 registration. Upon refusal or neglect to obey the order of the
25 court, the court may compel obedience thereof by proceedings
26 for contempt.

1 It shall not be a defense in a proceeding before the
2 Department to revoke a certificate of registration issued
3 under the Act, or in any action by the Department to collect
4 any tax due under this Act, that the holder of the certificate
5 is a party to an installment payment agreement under Section
6 2a of this Act if the liability which is the basis of the
7 revocation proceeding, or the tax that is sought to be
8 collected: (1) was incurred after the date of the agreement
9 was approved by the Department; or (2) was incurred prior to
10 the date the agreement was approved by the Department, but was
11 not included in the agreement; or (3) was included in the
12 agreement, but the taxpayer is in default of the agreement.

13 If a person who is licensed as a retailer of alcoholic
14 liquor under the Liquor Control Act of 1934 has had his or her
15 certificate of registration revoked under this Section 2b,
16 then, pursuant to Section 7-6.5 of the Liquor Control Act of
17 1934, the Department shall file a notice with the Liquor
18 Control Commission that includes a certification, signed by
19 its Director of Revenue or his or her designee, attesting that
20 the person's certificate of registration has been revoked,
21 after notice and an opportunity to be heard.

22 (Source: P.A. 86-338; 86-383; 86-1028.)

23 Section 10. The Liquor Control Act of 1934 is amended by
24 adding Sections 1-3.47 and 7-6.5 as follows:

1 (235 ILCS 5/1-3.47 new)

2 Sec. 1-3.47. Inactive license. "Inactive license" means a
3 status of licensure in which the licensee holds a current
4 license under this Act, but the licensee is prohibited from
5 engaging in all licensed activities because the licensee does
6 not hold an active certificate of registration issued by the
7 Department of Revenue pursuant to the Retailers' Occupation
8 Tax Act.

9 (235 ILCS 5/7-6.5 new)

10 Sec. 7-6.5. Inactive licenses; certificate of
11 registration. Notwithstanding anything in this Act to the
12 contrary, the Commission shall inactivate the license of any
13 licensee authorized to sell alcoholic liquor at retail if that
14 person's certificate of registration renewal has been denied
15 by the Department of Revenue pursuant to Section 2a of the
16 Retailers' Occupation Tax Act or that person's certificate of
17 registration has been revoked by the Department of Revenue
18 pursuant to Section 2b of the Retailers' Occupation Tax Act
19 until the violation resulting in the nonrenewal or revocation
20 has been remedied and the certificate of registration has been
21 reinstated by the Department of Revenue. The Department of
22 Revenue shall file a notice with the Commission that includes
23 a certification, signed by Director of Revenue or his or her
24 designee, attesting that the person's certificate of
25 registration renewal has been denied or the person's

1 certificate of registration has been revoked after notice and
2 an opportunity to be heard.

3 If a person who is licensed as a retailer of alcoholic
4 liquor under this Act has had the renewal of his or her
5 certificate of registration denied under Section 2a or revoked
6 under Section 2b of the Retailers' Occupation Tax Act, then,
7 pursuant to this Section, distributors licensed under this Act
8 are prohibited from selling alcoholic liquor to that retailer,
9 that retailer is prohibited from purchasing alcoholic liquor
10 from distributors, and all other licensed activities are
11 prohibited pending notification by the Department of Revenue
12 that the nonrenewal or revocation has been resolved to the
13 Department of Revenue's satisfaction.

14 Section 99. Effective date. This Act takes effect July 1,
15 2026.