



Sen. Dale Fowler

**Filed: 5/18/2018**

10000HB4724sam001

LRB100 16404 HLH 40425 a

1 AMENDMENT TO HOUSE BILL 4724

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 4724 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Hydraulic Fracturing Tax Act is  
5 amended by changing Section 2-30 as follows:

6 (35 ILCS 450/2-30)

7 Sec. 2-30. Payment and collection of tax.

8 (a) For oil and gas removed on or after July 1, 2013, the  
9 tax incurred under this Act shall be due and payable on or  
10 before the last day of the month following the end of the month  
11 in which the oil or gas is removed from the production unit.  
12 The tax is upon the producers of such oil or gas in the  
13 proportion to their respective beneficial interests at the time  
14 of severance. The first purchaser of any oil or gas sold shall  
15 collect the amount of the tax due from the producers by  
16 deducting and withholding such amount from any payments made by

1 such purchaser to the producers and shall remit the tax in this  
2 Act.

3 In the event the tax shall be withheld by a purchaser from  
4 payments due a producer and such purchaser fails to make  
5 payment of the tax to the State as required herein, the first  
6 purchaser shall be liable for the tax. However, in the event a  
7 first purchaser fails to pay the tax withheld from a producer's  
8 payment, the producer's interest remains subject to any lien  
9 filed pursuant to subsection (c) of this Section. A producer  
10 shall be entitled to bring an action against such purchaser to  
11 recover the amount of tax so withheld together with penalties  
12 and interest which may have accrued by failure to make such  
13 payment. A producer shall be entitled to all attorney fees and  
14 court costs incurred in such action. To the extent that a  
15 producer liable for the tax imposed by this Act collects the  
16 tax, and any penalties and interest, from a purchaser, such  
17 tax, penalties, and interest are held in trust by the producer  
18 for the benefit of the State of Illinois.

19 (b) For all production units a first purchaser begins to  
20 purchase oil or gas from on or after July 1, 2013, the first  
21 purchaser is required to withhold and remit the tax imposed by  
22 this Act to the Department from the oil and gas purchased from  
23 the production unit unless the first purchaser obtains from the  
24 operator an exemption certificate signed by the operator  
25 stating that the production unit is not subject to the tax  
26 imposed by this Act. The exemption certificate must include the

1 following information:

2 (1) name and address of the operator;

3 (2) name of the production unit;

4 (3) number assigned to the production unit by the first  
5 purchaser, if available;

6 (4) legal description of the production unit; and

7 (5) a statement by the operator that the production  
8 unit is exempt from the tax imposed by the Illinois  
9 Hydraulic Fracturing Tax Act.

10 If a first purchaser obtains an exemption certificate that  
11 contains the required information and reasonably relies on the  
12 exemption certificate and it is subsequently determined by the  
13 Department that the production unit is subject to the tax  
14 imposed by this Act, the Department will collect any tax that  
15 is due from the operator and producers, and the first purchaser  
16 is relieved of any liability.

17 First purchasers shall not be required to obtain exemption  
18 certificates from the producer until the first high volume  
19 horizontal hydraulic fracturing permit has been approved by the  
20 Department of Natural Resources.

21 (c) Notwithstanding subsection (a) of this Section, the tax  
22 is a lien on the oil and gas from the time of severance from the  
23 land or under the water until the tax and all penalties and  
24 interest are fully paid, and the State shall have a lien on all  
25 the oil or gas severed from the production unit in this State  
26 in the hands of the operator, any producer or the first or any

1 subsequent purchaser thereof to secure the payment of the tax.  
2 If a lien is filed by the Department, the purchaser shall  
3 withhold from producers or operators the amount of tax, penalty  
4 and interest identified in the lien.  
5 (Source: P.A. 98-22, eff. 6-17-13.)"