



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB1023

Introduced 1/12/2023, by Rep. Mary E. Flowers

SYNOPSIS AS INTRODUCED:

New Act
5 ILCS 100/5-45.35 new

Creates the Financial Transaction Tax Act. Beginning January 1, 2024, imposes a tax on the privilege of engaging in a financial transaction on any of the following exchanges or boards of trade: the Chicago Stock Exchange, the Chicago Mercantile Exchange, the Chicago Board of Trade, or the Chicago Board Options Exchange. Provides that the tax is imposed at a rate of \$1 per transaction for all transactions for which the underlying asset is an agricultural product, a financial instruments contract, or an options contract. Provides that transactions executed via open outcry that are physically filled on the exchange floor are exempt from the tax. Provides that the term "financial transaction" means a transaction involving the purchase or sale of a stock contract, futures contract, swap contract, credit default swap contract, or options contract, but does not include a transaction involving securities held in a retirement account or a transaction involving a mutual fund. Effective January 1, 2024.

LRB103 04910 HLH 49920 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 1. Short title. This Act may be cited as the
5 Financial Transaction Tax Act.

6 Section 2. Findings. The General Assembly finds that:

7 (1) a financial transaction tax is a fair and
8 sustainable source of revenue for the State; and

9 (2) a financial transaction tax will promote job
10 growth and economic stability and reduce the negative
11 effects created by high frequency trading.

12 Section 3. Definitions. As used in this Act:

13 "Department" means the Department of Revenue.

14 "Financial transaction" means a transaction involving the
15 purchase or sale of a stock contract, futures contract,
16 futures options contract, swap contract, credit default swap
17 contract, or options contract, but does not include a
18 transaction involving securities held in a retirement account
19 or a transaction involving a mutual fund.

20 Section 5. Tax imposed; definitions.

21 (a) Beginning January 1, 2024, a tax is imposed on the

1 privilege of engaging in a financial transaction on any of the
2 following exchanges or boards of trade: the Chicago Stock
3 Exchange; the Chicago Mercantile Exchange; the Chicago Board
4 of Trade; or the Chicago Board Options Exchange. The tax is
5 imposed at a rate of \$1 for each transaction for which the
6 underlying asset is an agricultural product, a financial
7 instruments contract, or an options contract. The tax shall be
8 paid by the trading facility or, in any other case, by the
9 purchaser involved in the transaction. All transactions
10 executed via open outcry that are physically filled on the
11 exchange floor are exempt from the tax.

12 (b) The tax shall be collected by the exchange or board of
13 trade and shall be remitted to the Department of Revenue
14 biannually in the form and manner required by the Department.
15 The exchange or board of trade may retain 5% of the amount
16 collected, which is allowed to reimburse the exchange or board
17 of trade for the expenses incurred in keeping records,
18 preparing and filing returns, remitting the tax, and supplying
19 data to the Department on request.

20 (c) Subject to the provisions of subsection (b), the tax
21 imposed under this Act, and all civil penalties that may be
22 assessed as an incident thereof, shall be administered,
23 collected, and enforced by the Department of Revenue, and
24 commodity brokers shall register with the Department in the
25 same manner as required under the Retailers' Occupation Tax
26 Act insofar as may be applicable. The Department of Revenue

1 has full power to administer and enforce this Act, to collect
2 all taxes and penalties due under this Act, to dispose of taxes
3 and penalties so collected as provided in this Act, and to
4 determine all rights to credit memoranda arising on account of
5 the erroneous payment of a tax or penalty under this Act. The
6 Department of Revenue shall pay over to the State Treasurer
7 all moneys remitted to the Department under this Act for
8 deposit into the General Revenue Fund.

9 Section 10. Recordkeeping. Each exchange or board of trade
10 that is subject to the tax under this Act shall keep records
11 and books of all transactions giving rise to a tax under this
12 Act. Those books and records shall be kept in the English
13 language and shall, at all times during business hours of the
14 day, be subject to inspection by the Department or its duly
15 authorized agents and employees.

16 Section 15. Retailers' Occupation Tax Act and Uniform
17 Penalty and Interest Act adopted. The provisions of Sections
18 4, 5, 5f, 5i, 6, 6a, 6b, 6c, 8, 9, 10, and 12 of the Retailers'
19 Occupation Tax Act which are not inconsistent with this Act,
20 and Section 3-7 of the Uniform Penalty and Interest Act, shall
21 apply as far as practicable to the subject matter of this Act
22 to the same extent as if those provisions were included in this
23 Act.

1 Section 20. Rules. The Department shall adopt
2 administrative rules to implement and administer this Act.
3 Initial rules may be adopted as emergency rules.

4 Section 25. Interstate commerce exemption. No tax is
5 imposed under this Act upon the privilege of engaging in a
6 business in interstate commerce or otherwise when the business
7 may not, under the Constitution and statutes of the United
8 States, be made the subject of taxation by this State.

9 Section 900. The Illinois Administrative Procedure Act is
10 amended by adding Section 5-45.35 as follows:

11 (5 ILCS 100/5-45.35 new)

12 Sec. 5-45.35. Emergency rulemaking. To provide for the
13 expeditious and timely implementation of the Financial
14 Transaction Tax Act, emergency rules implementing the
15 Financial Transaction Tax Act may be adopted in accordance
16 with Section 5-45 by the Department of Revenue. The adoption
17 of emergency rules authorized by Section 5-45 and this Section
18 is deemed to be necessary for the public interest, safety, and
19 welfare.

20 This Section is repealed one year after the effective date
21 of this amendatory Act of the 103rd General Assembly.

22 Section 999. Effective date. This Act takes effect January
23 1, 2024.