

1 AN ACT in relation to taxes.

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

4 Section 5. The Telecommunications Excise Tax Act is
5 amended by changing Section 2 as follows:

6 (35 ILCS 630/2) (from Ch. 120, par. 2002)

7 (Text of Section before amendment by P.A. 92-878)

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

10 (a) "Gross charge" means the amount paid for the act or
11 privilege of originating or receiving telecommunications in
12 this State and for all services and equipment provided in
13 connection therewith by a retailer, valued in money whether
14 paid in money or otherwise, including cash, credits, services
15 and property of every kind or nature, and shall be determined
16 without any deduction on account of the cost of such
17 telecommunications, the cost of materials used, labor or
18 service costs or any other expense whatsoever. In case
19 credit is extended, the amount thereof shall be included only
20 as and when paid. "Gross charges" for private line service
21 shall include charges imposed at each channel point within
22 this State, charges for the channel mileage between each
23 channel point within this State, and charges for that portion
24 of the interstate inter-office channel provided within
25 Illinois. However, "gross charges" shall not include:

26 (1) any amounts added to a purchaser's bill because
27 of a charge made pursuant to (i) the tax imposed by this
28 Article; (ii) charges added to customers' bills pursuant
29 to the provisions of Sections 9-221 or 9-222 of the
30 Public Utilities Act, as amended, or any similar charges
31 added to customers' bills by retailers who are not

1 subject to rate regulation by the Illinois Commerce
2 Commission for the purpose of recovering any of the tax
3 liabilities or other amounts specified in such provisions
4 of such Act; (iii) the tax imposed by Section 4251 of the
5 Internal Revenue Code; (iv) 911 surcharges; or (v) the
6 tax imposed by the Simplified Municipal
7 Telecommunications Tax Act;

8 (2) charges for a sent collect telecommunication
9 received outside of the State;

10 (3) charges for leased time on equipment or charges
11 for the storage of data or information for subsequent
12 retrieval or the processing of data or information
13 intended to change its form or content. Such equipment
14 includes, but is not limited to, the use of calculators,
15 computers, data processing equipment, tabulating
16 equipment or accounting equipment and also includes the
17 usage of computers under a time-sharing agreement;

18 (4) charges for customer equipment, including such
19 equipment that is leased or rented by the customer from
20 any source, wherein such charges are disaggregated and
21 separately identified from other charges;

22 (5) charges to business enterprises certified under
23 Section 9-222.1 of the Public Utilities Act, as amended,
24 to the extent of such exemption and during the period of
25 time specified by the Department of Commerce and
26 Community Affairs;

27 (6) charges for telecommunications and all services
28 and equipment provided in connection therewith between a
29 parent corporation and its wholly owned subsidiaries or
30 between wholly owned subsidiaries when the tax imposed
31 under this Article has already been paid to a retailer
32 and only to the extent that the charges between the
33 parent corporation and wholly owned subsidiaries or
34 between wholly owned subsidiaries represent expense

1 allocation between the corporations and not the
2 generation of profit for the corporation rendering such
3 service;

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

13 (8) charges paid by inserting coins in
14 coin-operated telecommunication devices;

15 (9) amounts paid by telecommunications retailers
16 under the Telecommunications Municipal Infrastructure
17 Maintenance Fee Act.

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

21 (c) "Telecommunications", in addition to the meaning
22 ordinarily and popularly ascribed to it, includes, without
23 limitation, messages or information transmitted through use
24 of local, toll and wide area telephone service; private line
25 services; channel services; telegraph services;
26 teletypewriter; computer exchange services; cellular mobile
27 telecommunications service; specialized mobile radio;
28 stationary two way radio; paging service; or any other form
29 of mobile and portable one-way or two-way communications; or
30 any other transmission of messages or information by
31 electronic or similar means, between or among points by wire,
32 cable, fiber-optics, laser, microwave, radio, satellite or
33 similar facilities. As used in this Act, "private line"
34 means a dedicated non-traffic sensitive service for a single

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

19 (d) "Interstate telecommunications" means all
20 telecommunications that either originate or terminate outside
21 this State.

22 (e) "Intrastate telecommunications" means all
23 telecommunications that originate and terminate within this
24 State.

25 (f) "Department" means the Department of Revenue of the
26 State of Illinois.

27 (g) "Director" means the Director of Revenue for the
28 Department of Revenue of the State of Illinois.

29 (h) "Taxpayer" means a person who individually or
30 through his agents, employees or permittees engages in the
31 act or privilege of originating or receiving
32 telecommunications in this State and who incurs a tax
33 liability under this Article.

34 (i) "Person" means any natural individual, firm, trust,

1 estate, partnership, association, joint stock company, joint
2 venture, corporation, limited liability company, or a
3 receiver, trustee, guardian or other representative appointed
4 by order of any court, the Federal and State governments,
5 including State universities created by statute or any city,
6 town, county or other political subdivision of this State.

7 (j) "Purchase at retail" means the acquisition,
8 consumption or use of telecommunication through a sale at
9 retail.

10 (k) "Sale at retail" means the transmitting, supplying
11 or furnishing of telecommunications and all services and
12 equipment provided in connection therewith for a
13 consideration to persons other than the Federal and State
14 governments, and State universities created by statute and
15 other than between a parent corporation and its wholly owned
16 subsidiaries or between wholly owned subsidiaries for their
17 use or consumption and not for resale.

18 (l) "Retailer" means and includes every person engaged
19 in the business of making sales at retail as defined in this
20 Article. The Department may, in its discretion, upon
21 application, authorize the collection of the tax hereby
22 imposed by any retailer not maintaining a place of business
23 within this State, who, to the satisfaction of the
24 Department, furnishes adequate security to insure collection
25 and payment of the tax. Such retailer shall be issued,
26 without charge, a permit to collect such tax. When so
27 authorized, it shall be the duty of such retailer to collect
28 the tax upon all of the gross charges for telecommunications
29 in this State in the same manner and subject to the same
30 requirements as a retailer maintaining a place of business
31 within this State. The permit may be revoked by the
32 Department at its discretion.

33 (m) "Retailer maintaining a place of business in this
34 State", or any like term, means and includes any retailer

1 having or maintaining within this State, directly or by a
2 subsidiary, an office, distribution facilities, transmission
3 facilities, sales office, warehouse or other place of
4 business, or any agent or other representative operating
5 within this State under the authority of the retailer or its
6 subsidiary, irrespective of whether such place of business or
7 agent or other representative is located here permanently or
8 temporarily, or whether such retailer or subsidiary is
9 licensed to do business in this State.

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

23 (o) "Prepaid telephone calling arrangements" mean the
24 right to exclusively purchase telephone or telecommunications
25 services that must be paid for in advance and enable the
26 origination of one or more intrastate, interstate, or
27 international telephone calls or other telecommunications
28 using an access number, an authorization code, or both,
29 whether manually or electronically dialed, for which payment
30 to a retailer must be made in advance, provided that, unless
31 recharged, no further service is provided once that prepaid
32 amount of service has been consumed. Prepaid telephone
33 calling arrangements include the recharge of a prepaid
34 calling arrangement. For purposes of this subsection,

1 "recharge" means the purchase of additional prepaid telephone
2 or telecommunications services whether or not the purchaser
3 acquires a different access number or authorization code.

4 "Prepaid telephone calling arrangement" does not include an
5 arrangement whereby a customer purchases a payment card and
6 pursuant to which the service provider reflects the amount of
7 such purchase as a credit on an invoice issued to that
8 customer under an existing subscription plan.

9 (Source: P.A. 91-870, eff. 6-22-00; 92-474, eff. 8-1-02;
10 92-526, eff. 1-1-03.)

11 (Text of Section after amendment by P.A. 92-878)

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

14 (a) "Gross charge" means the amount paid for the act or
15 privilege of originating or receiving telecommunications in
16 this State and for all services and equipment provided in
17 connection therewith by a retailer, valued in money whether
18 paid in money or otherwise, including cash, credits, services
19 and property of every kind or nature, and shall be determined
20 without any deduction on account of the cost of such
21 telecommunications, the cost of materials used, labor or
22 service costs or any other expense whatsoever. In case
23 credit is extended, the amount thereof shall be included only
24 as and when paid. "Gross charges" for private line service
25 shall include charges imposed at each channel termination
26 point within this State, charges for the channel mileage
27 between each channel termination point within this State, and
28 charges for that portion of the interstate inter-office
29 channel provided within Illinois. Charges for that portion of
30 the interstate inter-office channel provided in Illinois
31 shall be determined by the retailer as follows: (i) for
32 interstate inter-office channels having 2 channel termination
33 points, only one of which is in Illinois, 50% of the total
34 charge imposed; or (ii) for interstate inter-office channels

1 having more than 2 channel termination points, one or more of
2 which are in Illinois, an amount equal to the total charge
3 multiplied by a fraction, the numerator of which is the
4 number of channel termination points within Illinois and the
5 denominator of which is the total number of channel
6 termination points; ~~or (iii) any other method that reasonably~~
7 ~~apportions the total charges for interstate inter-office~~
8 ~~channels among the states in which channel termination points~~
9 ~~are located.~~ Prior to January 1, 2004 ~~June 17, 2003~~, any
10 ~~apportionment~~ method consistent with this paragraph or other
11 method that reasonably apportions the total charges for
12 interstate inter-office channels among the states in which
13 channel terminations points are located shall be accepted as
14 a reasonable method to determine the charges for that portion
15 of the interstate inter-office channel provided within
16 Illinois for that period. However, "gross charges" shall not
17 include any of the following:

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

31 (2) Charges for a sent collect telecommunication
32 received outside of the State.

33 (3) Charges for leased time on equipment or charges
34 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 to the extent of such exemption and during the period of
14 time specified by the Department of Commerce and
15 Community Affairs.

16 (6) Charges for telecommunications and all services
17 and equipment provided in connection therewith between a
18 parent corporation and its wholly owned subsidiaries or
19 between wholly owned subsidiaries when the tax imposed
20 under this Article has already been paid to a retailer
21 and only to the extent that the charges between the
22 parent corporation and wholly owned subsidiaries or
23 between wholly owned subsidiaries represent expense
24 allocation between the corporations and not the
25 generation of profit for the corporation rendering such
26 service.

27 (7) Bad debts. Bad debt means any portion of a debt
28 that is related to a sale at retail for which gross
29 charges are not otherwise deductible or excludable that
30 has become worthless or uncollectable, as determined
31 under applicable federal income tax standards. If the
32 portion of the debt deemed to be bad is subsequently
33 paid, the retailer shall report and pay the tax on that
34 portion during the reporting period in which the payment

1 is made.

2 (8) Charges paid by inserting coins in
3 coin-operated telecommunication devices.

4 (9) Amounts paid by telecommunications retailers
5 under the Telecommunications Municipal Infrastructure
6 Maintenance Fee Act.

7 (10) Charges for nontaxable services or
8 telecommunications if (i) those charges are aggregated
9 with other charges for telecommunications that are
10 taxable, (ii) those charges are not separately stated on
11 the customer bill or invoice, and (iii) the retailer can
12 reasonably identify the nontaxable charges on the
13 retailer's books and records kept in the regular course
14 of business. If the nontaxable charges cannot reasonably
15 be identified, the gross charge from the sale of both
16 taxable and nontaxable services or telecommunications
17 billed on a combined basis shall be attributed to the
18 taxable services or telecommunications. The burden of
19 proving nontaxable charges shall be on the retailer of
20 the telecommunications.

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

24 (c) "Telecommunications", in addition to the meaning
25 ordinarily and popularly ascribed to it, includes, without
26 limitation, messages or information transmitted through use
27 of local, toll and wide area telephone service; private line
28 services; channel services; telegraph services;
29 teletypewriter; computer exchange services; cellular mobile
30 telecommunications service; specialized mobile radio;
31 stationary two way radio; paging service; or any other form
32 of mobile and portable one-way or two-way communications; or
33 any other transmission of messages or information by
34 electronic or similar means, between or among points by wire,

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

28 (f) "Department" means the Department of Revenue of the
29 State of Illinois.

30 (g) "Director" means the Director of Revenue for the
31 Department of Revenue of the State of Illinois.

32 (h) "Taxpayer" means a person who individually or
33 through his agents, employees or permittees engages in the
34 act or privilege of originating or receiving

1 telecommunications in this State and who incurs a tax
2 liability under this Article.

3 (i) "Person" means any natural individual, firm, trust,
4 estate, partnership, association, joint stock company, joint
5 venture, corporation, limited liability company, or a
6 receiver, trustee, guardian or other representative appointed
7 by order of any court, the Federal and State governments,
8 including State universities created by statute or any city,
9 town, county or other political subdivision of this State.

10 (j) "Purchase at retail" means the acquisition,
11 consumption or use of telecommunication through a sale at
12 retail.

13 (k) "Sale at retail" means the transmitting, supplying
14 or furnishing of telecommunications and all services and
15 equipment provided in connection therewith for a
16 consideration to persons other than the Federal and State
17 governments, and State universities created by statute and
18 other than between a parent corporation and its wholly owned
19 subsidiaries or between wholly owned subsidiaries for their
20 use or consumption and not for resale.

21 (l) "Retailer" means and includes every person engaged
22 in the business of making sales at retail as defined in this
23 Article. The Department may, in its discretion, upon
24 application, authorize the collection of the tax hereby
25 imposed by any retailer not maintaining a place of business
26 within this State, who, to the satisfaction of the
27 Department, furnishes adequate security to insure collection
28 and payment of the tax. Such retailer shall be issued,
29 without charge, a permit to collect such tax. When so
30 authorized, it shall be the duty of such retailer to collect
31 the tax upon all of the gross charges for telecommunications
32 in this State in the same manner and subject to the same
33 requirements as a retailer maintaining a place of business
34 within this State. The permit may be revoked by the

1 Department at its discretion.

2 (m) "Retailer maintaining a place of business in this
3 State", or any like term, means and includes any retailer
4 having or maintaining within this State, directly or by a
5 subsidiary, an office, distribution facilities, transmission
6 facilities, sales office, warehouse or other place of
7 business, or any agent or other representative operating
8 within this State under the authority of the retailer or its
9 subsidiary, irrespective of whether such place of business or
10 agent or other representative is located here permanently or
11 temporarily, or whether such retailer or subsidiary is
12 licensed to do business in this State.

13 (n) "Service address" means the location of
14 telecommunications equipment from which the
15 telecommunications services are originated or at which
16 telecommunications services are received by a taxpayer. In
17 the event this may not be a defined location, as in the case
18 of mobile phones, paging systems, maritime systems, service
19 address means the customer's place of primary use as defined
20 in the Mobile Telecommunications Sourcing Conformity Act.
21 For air-to-ground systems and the like, service address shall
22 mean the location of a taxpayer's primary use of the
23 telecommunications equipment as defined by telephone number,
24 authorization code, or location in Illinois where bills are
25 sent.

26 (o) "Prepaid telephone calling arrangements" mean the
27 right to exclusively purchase telephone or telecommunications
28 services that must be paid for in advance and enable the
29 origination of one or more intrastate, interstate, or
30 international telephone calls or other telecommunications
31 using an access number, an authorization code, or both,
32 whether manually or electronically dialed, for which payment
33 to a retailer must be made in advance, provided that, unless
34 recharged, no further service is provided once that prepaid

1 amount of service has been consumed. Prepaid telephone
2 calling arrangements include the recharge of a prepaid
3 calling arrangement. For purposes of this subsection,
4 "recharge" means the purchase of additional prepaid telephone
5 or telecommunications services whether or not the purchaser
6 acquires a different access number or authorization code.
7 "Prepaid telephone calling arrangement" does not include an
8 arrangement whereby a customer purchases a payment card and
9 pursuant to which the service provider reflects the amount of
10 such purchase as a credit on an invoice issued to that
11 customer under an existing subscription plan.

12 (Source: P.A. 91-870, eff. 6-22-00; 92-474, eff. 8-1-02;
13 92-526, eff. 1-1-03; 92-878, eff. 1-1-04.)

14 Section 10. The Telecommunications Infrastructure
15 Maintenance Fee Act is amended by changing Section 10 as
16 follows:

17 (35 ILCS 635/10)

18 (Text of Section before amendment by P.A. 92-878)

19 Sec. 10. Definitions.

20 (a) "Gross charges" means the amount paid to a
21 telecommunications retailer for the act or privilege of
22 originating or receiving telecommunications in this State and
23 for all services rendered in connection therewith, valued in
24 money whether paid in money or otherwise, including cash,
25 credits, services, and property of every kind or nature, and
26 shall be determined without any deduction on account of the
27 cost of such telecommunications, the cost of the materials
28 used, labor or service costs, or any other expense
29 whatsoever. In case credit is extended, the amount thereof
30 shall be included only as and when paid. "Gross charges" for
31 private line service shall include charges imposed at each
32 channel point within this State, charges for the channel

1 mileage between each channel point within this State, and
2 charges for that portion of the interstate inter-office
3 channel provided within Illinois. However, "gross charges"
4 shall not include:

5 (1) any amounts added to a purchaser's bill because
6 of a charge made under: (i) the fee imposed by this
7 Section, (ii) additional charges added to a purchaser's
8 bill under Section 9-221 or 9-222 of the Public Utilities
9 Act, (iii) the tax imposed by the Telecommunications
10 Excise Tax Act, (iv) 911 surcharges, (v) the tax imposed
11 by Section 4251 of the Internal Revenue Code, or (vi) the
12 tax imposed by the Simplified Municipal
13 Telecommunications Tax Act;

14 (2) charges for a sent collect telecommunication
15 received outside of this State;

16 (3) charges for leased time on equipment or charges
17 for the storage of data or information or subsequent
18 retrieval or the processing of data or information
19 intended to change its form or content. Such equipment
20 includes, but is not limited to, the use of calculators,
21 computers, data processing equipment, tabulating
22 equipment, or accounting equipment and also includes the
23 usage of computers under a time-sharing agreement;

24 (4) charges for customer equipment, including such
25 equipment that is leased or rented by the customer from
26 any source, wherein such charges are disaggregated and
27 separately identified from other charges;

28 (5) charges to business enterprises certified under
29 Section 9-222.1 of the Public Utilities Act to the extent
30 of such exemption and during the period of time specified
31 by the Department of Commerce and Community Affairs;

32 (6) charges for telecommunications and all services
33 and equipment provided in connection therewith between a
34 parent corporation and its wholly owned subsidiaries or

1 between wholly owned subsidiaries, and only to the extent
2 that the charges between the parent corporation and
3 wholly owned subsidiaries or between wholly owned
4 subsidiaries represent expense allocation between the
5 corporations and not the generation of profit other than
6 a regulatory required profit for the corporation
7 rendering such services;

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

17 (8) charges paid by inserting coins in
18 coin-operated telecommunication devices.

19 (a-5) "Department" means the Illinois Department of
20 Revenue.

21 (b) "Telecommunications" includes, but is not limited
22 to, messages or information transmitted through use of local,
23 toll, and wide area telephone service, channel services,
24 telegraph services, teletypewriter service, computer exchange
25 services, private line services, specialized mobile radio
26 services, or any other transmission of messages or
27 information by electronic or similar means, between or among
28 points by wire, cable, fiber optics, laser, microwave, radio,
29 satellite, or similar facilities. Unless the context clearly
30 requires otherwise, "telecommunications" shall also include
31 wireless telecommunications as hereinafter defined.
32 "Telecommunications" shall not include value added services
33 in which computer processing applications are used to act on
34 the form, content, code, and protocol of the information for

1 purposes other than transmission. "Telecommunications" shall
2 not include purchase of telecommunications by a
3 telecommunications service provider for use as a component
4 part of the service provided by him or her to the ultimate
5 retail consumer who originates or terminates the end-to-end
6 communications. Retailer access charges, right of access
7 charges, charges for use of intercompany facilities, and all
8 telecommunications resold in the subsequent provision and
9 used as a component of, or integrated into, end-to-end
10 telecommunications service shall not be included in gross
11 charges as sales for resale. "Telecommunications" shall not
12 include the provision of cable services through a cable
13 system as defined in the Cable Communications Act of 1984 (47
14 U.S.C. Sections 521 and following) as now or hereafter
15 amended or through an open video system as defined in the
16 Rules of the Federal Communications Commission (47 C.D.F.
17 76.1550 and following) as now or hereafter amended.
18 Beginning January 1, 2001, prepaid telephone calling
19 arrangements shall not be considered "telecommunications"
20 subject to the tax imposed under this Act. For purposes of
21 this Section, "prepaid telephone calling arrangements" means
22 that term as defined in Section 2-27 of the Retailers'
23 Occupation Tax Act.

24 (c) "Wireless telecommunications" includes cellular
25 mobile telephone services, personal wireless services as
26 defined in Section 704(C) of the Telecommunications Act of
27 1996 (Public Law No. 104-104) as now or hereafter amended,
28 including all commercial mobile radio services, and paging
29 services.

30 (d) "Telecommunications retailer" or "retailer" or
31 "carrier" means and includes every person engaged in the
32 business of making sales of telecommunications at retail as
33 defined in this Section. The Department may, in its
34 discretion, upon applications, authorize the collection of

1 the fee hereby imposed by any retailer not maintaining a
2 place of business within this State, who, to the satisfaction
3 of the Department, furnishes adequate security to insure
4 collection and payment of the fee. When so authorized, it
5 shall be the duty of such retailer to pay the fee upon all of
6 the gross charges for telecommunications in the same manner
7 and subject to the same requirements as a retailer
8 maintaining a place of business within this State.

9 (e) "Retailer maintaining a place of business in this
10 State", or any like term, means and includes any retailer
11 having or maintaining within this State, directly or by a
12 subsidiary, an office, distribution facilities, transmission
13 facilities, sales office, warehouse, or other place of
14 business, or any agent or other representative operating
15 within this State under the authority of the retailer or its
16 subsidiary, irrespective of whether such place of business or
17 agent or other representative is located here permanently or
18 temporarily, or whether such retailer or subsidiary is
19 licensed to do business in this State.

20 (f) "Sale of telecommunications at retail" means the
21 transmitting, supplying, or furnishing of telecommunications
22 and all services rendered in connection therewith for a
23 consideration, other than between a parent corporation and
24 its wholly owned subsidiaries or between wholly owned
25 subsidiaries, when the gross charge made by one such
26 corporation to another such corporation is not greater than
27 the gross charge paid to the retailer for their use or
28 consumption and not for sale.

29 (g) "Service address" means the location of
30 telecommunications equipment from which telecommunications
31 services are originated or at which telecommunications
32 services are received. If this is not a defined location, as
33 in the case of wireless telecommunications, paging systems,
34 maritime systems, service address means the customer's place

1 of primary use as defined in the Mobile Telecommunications
2 Sourcing Conformity Act. For air-to-ground systems, and the
3 like, "service address" shall mean the location of the
4 customer's primary use of the telecommunications equipment as
5 defined by the location in Illinois where bills are sent.

6 (Source: P.A. 91-870, eff. 6-22-00; 92-474, eff. 8-1-02;
7 92-526, eff. 1-1-03.)

8 (Text of Section after amendment by P.A. 92-878)

9 Sec. 10. Definitions.

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

1 and the denominator of which is the total number of channel
2 termination points; ~~or (iii) any other method that reasonably~~
3 ~~apportions the total charges for interstate inter-office~~
4 ~~channels among the states in which channel termination points~~
5 ~~are located.~~ Prior to January 1, 2004, ~~June 1, 2003~~, any
6 ~~apportionment~~ method consistent with this paragraph or other
7 method that reasonably apportions the total charges for
8 interstate inter-office channels among the states in which
9 channel terminations points are located shall be accepted as
10 a reasonable method to determine the charges for that portion
11 of the interstate inter-office channel provided within
12 Illinois for that period. However, "gross charges" shall not
13 include any of the following:

14 (1) Any amounts added to a purchaser's bill because
15 of a charge made under: (i) the fee imposed by this
16 Section, (ii) additional charges added to a purchaser's
17 bill under Section 9-221 or 9-222 of the Public Utilities
18 Act, (iii) the tax imposed by the Telecommunications
19 Excise Tax Act, (iv) 911 surcharges, (v) the tax imposed
20 by Section 4251 of the Internal Revenue Code, or (vi) the
21 tax imposed by the Simplified Municipal
22 Telecommunications Tax Act.

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

25 (3) Charges for leased time on equipment or charges
26 for the storage of data or information or subsequent
27 retrieval or the processing of data or information
28 intended to change its form or content. Such equipment
29 includes, but is not limited to, the use of calculators,
30 computers, data processing equipment, tabulating
31 equipment, or accounting equipment and also includes the
32 usage of computers under a time-sharing agreement.

33 (4) Charges for customer equipment, including such
34 equipment that is leased or rented by the customer from

1 any source, wherein such charges are disaggregated and
2 separately identified from other charges.

3 (5) Charges to business enterprises certified under
4 Section 9-222.1 of the Public Utilities Act to the extent
5 of such exemption and during the period of time specified
6 by the Department of Commerce and Community Affairs.

7 (6) Charges for telecommunications and all services
8 and equipment provided in connection therewith between a
9 parent corporation and its wholly owned subsidiaries or
10 between wholly owned subsidiaries, and only to the extent
11 that the charges between the parent corporation and
12 wholly owned subsidiaries or between wholly owned
13 subsidiaries represent expense allocation between the
14 corporations and not the generation of profit other than
15 a regulatory required profit for the corporation
16 rendering such services.

17 (7) Bad debts ("bad debt" means any portion of a
18 debt that is related to a sale at retail for which gross
19 charges are not otherwise deductible or excludable that
20 has become worthless or uncollectible, as determined
21 under applicable federal income tax standards; if the
22 portion of the debt deemed to be bad is subsequently
23 paid, the retailer shall report and pay the tax on that
24 portion during the reporting period in which the payment
25 is made).

26 (8) Charges paid by inserting coins in
27 coin-operated telecommunication devices.

28 (9) Charges for nontaxable services or
29 telecommunications if (i) those charges are aggregated
30 with other charges for telecommunications that are
31 taxable, (ii) those charges are not separately stated on
32 the customer bill or invoice, and (iii) the retailer can
33 reasonably identify the nontaxable charges on the
34 retailer's books and records kept in the regular course

1 of business. If the nontaxable charges cannot reasonably
2 be identified, the gross charge from the sale of both
3 taxable and nontaxable services or telecommunications
4 billed on a combined basis shall be attributed to the
5 taxable services or telecommunications. The burden of
6 proving nontaxable charges shall be on the retailer of
7 the telecommunications.

8 (a-5) "Department" means the Illinois Department of
9 Revenue.

10 (b) "Telecommunications" includes, but is not limited
11 to, messages or information transmitted through use of local,
12 toll, and wide area telephone service, channel services,
13 telegraph services, teletypewriter service, computer exchange
14 services, private line services, specialized mobile radio
15 services, or any other transmission of messages or
16 information by electronic or similar means, between or among
17 points by wire, cable, fiber optics, laser, microwave, radio,
18 satellite, or similar facilities. Unless the context clearly
19 requires otherwise, "telecommunications" shall also include
20 wireless telecommunications as hereinafter defined.
21 "Telecommunications" shall not include value added services
22 in which computer processing applications are used to act on
23 the form, content, code, and protocol of the information for
24 purposes other than transmission. "Telecommunications" shall
25 not include purchase of telecommunications by a
26 telecommunications service provider for use as a component
27 part of the service provided by him or her to the ultimate
28 retail consumer who originates or terminates the end-to-end
29 communications. Retailer access charges, right of access
30 charges, charges for use of intercompany facilities, and all
31 telecommunications resold in the subsequent provision and
32 used as a component of, or integrated into, end-to-end
33 telecommunications service shall not be included in gross
34 charges as sales for resale. "Telecommunications" shall not

1 include the provision of cable services through a cable
2 system as defined in the Cable Communications Act of 1984 (47
3 U.S.C. Sections 521 and following) as now or hereafter
4 amended or through an open video system as defined in the
5 Rules of the Federal Communications Commission (47 C.D.F.
6 76.1550 and following) as now or hereafter amended.
7 Beginning January 1, 2001, prepaid telephone calling
8 arrangements shall not be considered "telecommunications"
9 subject to the tax imposed under this Act. For purposes of
10 this Section, "prepaid telephone calling arrangements" means
11 that term as defined in Section 2-27 of the Retailers'
12 Occupation Tax Act.

13 (c) "Wireless telecommunications" includes cellular
14 mobile telephone services, personal wireless services as
15 defined in Section 704(C) of the Telecommunications Act of
16 1996 (Public Law No. 104-104) as now or hereafter amended,
17 including all commercial mobile radio services, and paging
18 services.

19 (d) "Telecommunications retailer" or "retailer" or
20 "carrier" means and includes every person engaged in the
21 business of making sales of telecommunications at retail as
22 defined in this Section. The Department may, in its
23 discretion, upon applications, authorize the collection of
24 the fee hereby imposed by any retailer not maintaining a
25 place of business within this State, who, to the satisfaction
26 of the Department, furnishes adequate security to insure
27 collection and payment of the fee. When so authorized, it
28 shall be the duty of such retailer to pay the fee upon all of
29 the gross charges for telecommunications in the same manner
30 and subject to the same requirements as a retailer
31 maintaining a place of business within this State.

32 (e) "Retailer maintaining a place of business in this
33 State", or any like term, means and includes any retailer
34 having or maintaining within this State, directly or by a

1 subsidiary, an office, distribution facilities, transmission
2 facilities, sales office, warehouse, or other place of
3 business, or any agent or other representative operating
4 within this State under the authority of the retailer or its
5 subsidiary, irrespective of whether such place of business or
6 agent or other representative is located here permanently or
7 temporarily, or whether such retailer or subsidiary is
8 licensed to do business in this State.

9 (f) "Sale of telecommunications at retail" means the
10 transmitting, supplying, or furnishing of telecommunications
11 and all services rendered in connection therewith for a
12 consideration, other than between a parent corporation and
13 its wholly owned subsidiaries or between wholly owned
14 subsidiaries, when the gross charge made by one such
15 corporation to another such corporation is not greater than
16 the gross charge paid to the retailer for their use or
17 consumption and not for sale.

18 (g) "Service address" means the location of
19 telecommunications equipment from which telecommunications
20 services are originated or at which telecommunications
21 services are received. If this is not a defined location, as
22 in the case of wireless telecommunications, paging systems,
23 maritime systems, service address means the customer's place
24 of primary use as defined in the Mobile Telecommunications
25 Sourcing Conformity Act. For air-to-ground systems, and the
26 like, "service address" shall mean the location of the
27 customer's primary use of the telecommunications equipment as
28 defined by the location in Illinois where bills are sent.

29 (Source: P.A. 91-870, eff. 6-22-00; 92-474, eff. 8-1-02;
30 92-526, eff. 1-1-03; 92-878, eff. 1-1-04.)

31 Section 15. The Simplified Municipal Telecommunications
32 Tax Act is amended by changing Sections 5-7, 5-10, and 5-20
33 as follows:

1 (35 ILCS 636/5-7)

2 (Text of Section before amendment by P.A. 92-878)

3 Sec. 5-7. Definitions. For purposes of the taxes
4 authorized by this Act:

5 "Amount paid" means the amount charged to the taxpayer's
6 service address in such municipality regardless of where such
7 amount is billed or paid.

8 "Department" means the Illinois Department of Revenue.

9 "Gross charge" means the amount paid for the act or
10 privilege of originating or receiving telecommunications in
11 such municipality and for all services and equipment provided
12 in connection therewith by a retailer, valued in money
13 whether paid in money or otherwise, including cash, credits,
14 services and property of every kind or nature, and shall be
15 determined without any deduction on account of the cost of
16 such telecommunications, the cost of the materials used,
17 labor or service costs or any other expense whatsoever. In
18 case credit is extended, the amount thereof shall be included
19 only as and when paid. "Gross charges" for private line
20 service shall include charges imposed at each channel point
21 within this State, charges for the channel mileage between
22 each channel point within this State, and charges for that
23 portion of the interstate inter-office channel provided
24 within Illinois. However, "gross charge" shall not include:

25 (1) any amounts added to a purchaser's bill because
26 of a charge made pursuant to: (i) the tax imposed by this
27 Act, (ii) the tax imposed by the Telecommunications
28 Excise Tax Act, (iii) the tax imposed by Section 4251 of
29 the Internal Revenue Code, (iv) 911 surcharges, or (v)
30 charges added to customers' bills pursuant to the
31 provisions of Section 9-221 or 9-222 of the Public
32 Utilities Act, as amended, or any similar charges added
33 to customers' bills by retailers who are not subject to
34 rate regulation by the Illinois Commerce Commission for

1 the purpose of recovering any of the tax liabilities or
2 other amounts specified in those provisions of the Public
3 Utilities Act;

4 (2) charges for a sent collect telecommunication
5 received outside of such municipality;

6 (3) charges for leased time on equipment or charges
7 for the storage of data or information for subsequent
8 retrieval or the processing of data or information
9 intended to change its form or content. Such equipment
10 includes, but is not limited to, the use of calculators,
11 computers, data processing equipment, tabulating
12 equipment or accounting equipment and also includes the
13 usage of computers under a time-sharing agreement;

14 (4) charges for customer equipment, including such
15 equipment that is leased or rented by the customer from
16 any source, wherein such charges are disaggregated and
17 separately identified from other charges;

18 (5) charges to business enterprises certified as
19 exempt under Section 9-222.1 of the Public Utilities Act
20 to the extent of such exemption and during the period of
21 time specified by the Department of Commerce and
22 Community Affairs;

23 (6) charges for telecommunications and all services
24 and equipment provided in connection therewith between a
25 parent corporation and its wholly owned subsidiaries or
26 between wholly owned subsidiaries when the tax imposed
27 under this Act has already been paid to a retailer and
28 only to the extent that the charges between the parent
29 corporation and wholly owned subsidiaries or between
30 wholly owned subsidiaries represent expense allocation
31 between the corporations and not the generation of profit
32 for the corporation rendering such service;

33 (7) bad debts ("bad debt" means any portion of a
34 debt that is related to a sale at retail for which gross

1 charges are not otherwise deductible or excludable that
2 has become worthless or uncollectible, as determined
3 under applicable federal income tax standards; if the
4 portion of the debt deemed to be bad is subsequently
5 paid, the retailer shall report and pay the tax on that
6 portion during the reporting period in which the payment
7 is made);

8 (8) charges paid by inserting coins in
9 coin-operated telecommunication devices; or

10 (9) amounts paid by telecommunications retailers
11 under the Telecommunications Infrastructure Maintenance
12 Fee Act.

13 "Interstate telecommunications" means all
14 telecommunications that either originate or terminate outside
15 this State.

16 "Intrastate telecommunications" means all
17 telecommunications that originate and terminate within this
18 State.

19 "Person" means any natural individual, firm, trust,
20 estate, partnership, association, joint stock company, joint
21 venture, corporation, limited liability company, or a
22 receiver, trustee, guardian, or other representative
23 appointed by order of any court, the Federal and State
24 governments, including State universities created by statute,
25 or any city, town, county, or other political subdivision of
26 this State.

27 "Purchase at retail" means the acquisition, consumption
28 or use of telecommunications through a sale at retail.

29 "Retailer" means and includes every person engaged in the
30 business of making sales at retail as defined in this
31 Section. The Department may, in its discretion, upon
32 application, authorize the collection of the tax hereby
33 imposed by any retailer not maintaining a place of business
34 within this State, who, to the satisfaction of the

1 Department, furnishes adequate security to insure collection
2 and payment of the tax. Such retailer shall be issued,
3 without charge, a permit to collect such tax. When so
4 authorized, it shall be the duty of such retailer to collect
5 the tax upon all of the gross charges for telecommunications
6 in this State in the same manner and subject to the same
7 requirements as a retailer maintaining a place of business
8 within this State. The permit may be revoked by the
9 Department at its discretion.

10 "Retailer maintaining a place of business in this State",
11 or any like term, means and includes any retailer having or
12 maintaining within this State, directly or by a subsidiary,
13 an office, distribution facilities, transmission facilities,
14 sales office, warehouse or other place of business, or any
15 agent or other representative operating within this State
16 under the authority of the retailer or its subsidiary,
17 irrespective of whether such place of business or agent or
18 other representative is located here permanently or
19 temporarily, or whether such retailer or subsidiary is
20 licensed to do business in this State.

21 "Sale at retail" means the transmitting, supplying or
22 furnishing of telecommunications and all services and
23 equipment provided in connection therewith for a
24 consideration, to persons other than the Federal and State
25 governments, and State universities created by statute and
26 other than between a parent corporation and its wholly owned
27 subsidiaries or between wholly owned subsidiaries for their
28 use or consumption and not for resale.

29 "Service address" means the location of
30 telecommunications equipment from which telecommunications
31 services are originated or at which telecommunications
32 services are received by a taxpayer. In the event this may
33 not be a defined location, as in the case of mobile phones,
34 paging systems, and maritime systems, service address means

1 the customer's place of primary use as defined in the Mobile
2 Telecommunications Sourcing Conformity Act. For
3 air-to-ground systems and the like, "service address" shall
4 mean the location of a taxpayer's primary use of the
5 telecommunications equipment as defined by telephone number,
6 authorization code, or location in Illinois where bills are
7 sent.

8 "Taxpayer" means a person who individually or through his
9 or her agents, employees, or permittees engages in the act or
10 privilege of originating or receiving telecommunications in a
11 municipality and who incurs a tax liability as authorized by
12 this Act.

13 "Telecommunications", in addition to the meaning
14 ordinarily and popularly ascribed to it, includes, without
15 limitation, messages or information transmitted through use
16 of local, toll, and wide area telephone service, private line
17 services, channel services, telegraph services,
18 teletypewriter, computer exchange services, cellular mobile
19 telecommunications service, specialized mobile radio,
20 stationary two-way radio, paging service, or any other form
21 of mobile and portable one-way or two-way communications, or
22 any other transmission of messages or information by
23 electronic or similar means, between or among points by wire,
24 cable, fiber optics, laser, microwave, radio, satellite, or
25 similar facilities. As used in this Act, "private line"
26 means a dedicated non-traffic sensitive service for a single
27 customer, that entitles the customer to exclusive or priority
28 use of a communications channel or group of channels, from
29 one or more specified locations to one or more other
30 specified locations. The definition of "telecommunications"
31 shall not include value added services in which computer
32 processing applications are used to act on the form, content,
33 code, and protocol of the information for purposes other than
34 transmission. "Telecommunications" shall not include

1 purchases of telecommunications by a telecommunications
2 service provider for use as a component part of the service
3 provided by such provider to the ultimate retail consumer who
4 originates or terminates the taxable end-to-end
5 communications. Carrier access charges, right of access
6 charges, charges for use of inter-company facilities, and all
7 telecommunications resold in the subsequent provision of,
8 used as a component of, or integrated into, end-to-end
9 telecommunications service shall be non-taxable as sales for
10 resale. Prepaid telephone calling arrangements shall not be
11 considered "telecommunications" subject to the tax imposed
12 under this Act. For purposes of this Section, "prepaid
13 telephone calling arrangements" means that term as defined in
14 Section 2-27 of the Retailers' Occupations Tax Act.

15 (Source: P.A. 92-526, eff. 7-1-02.)

16 (Text of Section after amendment by P.A. 92-878)

17 Sec. 5-7. Definitions. For purposes of the taxes
18 authorized by this Act:

19 "Amount paid" means the amount charged to the taxpayer's
20 service address in such municipality regardless of where such
21 amount is billed or paid.

22 "Department" means the Illinois Department of Revenue.

23 "Gross charge" means the amount paid for the act or
24 privilege of originating or receiving telecommunications in
25 such municipality and for all services and equipment provided
26 in connection therewith by a retailer, valued in money
27 whether paid in money or otherwise, including cash, credits,
28 services and property of every kind or nature, and shall be
29 determined without any deduction on account of the cost of
30 such telecommunications, the cost of the materials used,
31 labor or service costs or any other expense whatsoever. In
32 case credit is extended, the amount thereof shall be included
33 only as and when paid. "Gross charges" for private line
34 service shall include charges imposed at each channel

1 termination point within a municipality that has imposed a
2 tax under this Section and this--State, charges for the
3 channel-mileage-between-each-channel-point-within-this-State,
4 and-charges-for-that portion of the interstate inter-office
5 channels channel provided within that municipality Illinois.
6 Charges for that portion of the interstate inter-office
7 channel connecting 2 or more channel termination points, one
8 or more of which is located within the jurisdictional
9 boundary of such municipality, shall be determined by the
10 retailer by multiplying an amount equal to the total charge
11 for the inter-office channel by a fraction, the numerator of
12 which is the number of channel termination points that are
13 located within the jurisdictional boundary of the
14 municipality and the denominator of which is the total number
15 of channel termination points connected by the inter-office
16 channel. Prior to January 1, 2004, any method consistent with
17 this paragraph or other method that reasonably apportions the
18 total charges for inter-office channels among the
19 municipalities in which channel termination points are
20 located shall be accepted as a reasonable method to determine
21 the taxable portion of an inter-office channel provided
22 within a municipality for that period provided-in-Illinois
23 shall-be-determined-by-the--retailer--as--follows:---(i)--for
24 interstate-inter-office-channels-having-2-channel-termination
25 points,--only--one--of-which-is-in-Illinois,--50%-of-the-total
26 charge-imposed;-(ii)--for--interstate--inter-office--channels
27 having-more-than-2-channel-termination-points,--one-or-more-of
28 which--are--in--Illinois,--an-amount-equal-to-the-total-charge
29 multiplied-by-a-fraction,--the--numerator--of--which--is--the
30 number--of-channel-termination-points-within-Illinois-and-the
31 denominator--of--which--is--the--total--number---of---channel
32 termination-points;-or-(iii)-any-other-method-that-reasonably
33 apportions--the--total--charges--for--interstate-inter-office
34 channels-among-the-states-in-which-channel-termination-points

1 are located. Prior to June 17, 2003, any apportionment method
2 consistent with this paragraph shall be accepted as a
3 reasonable method to determine the charges for that portion
4 of the interstate inter-office channel provided within
5 Illinois for that period. However, "gross charge" shall not
6 include any of the following:

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

20 (2) Charges for a sent collect telecommunication
21 received outside of such municipality.

22 (3) Charges for leased time on equipment or charges
23 for the storage of data or information for subsequent
24 retrieval or the processing of data or information
25 intended to change its form or content. Such equipment
26 includes, but is not limited to, the use of calculators,
27 computers, data processing equipment, tabulating
28 equipment or accounting equipment and also includes the
29 usage of computers under a time-sharing agreement.

30 (4) Charges for customer equipment, including such
31 equipment that is leased or rented by the customer from
32 any source, wherein such charges are disaggregated and
33 separately identified from other charges.

34 (5) Charges to business enterprises certified as

1 exempt under Section 9-222.1 of the Public Utilities Act
2 to the extent of such exemption and during the period of
3 time specified by the Department of Commerce and
4 Community Affairs.

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

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

24 (8) Charges paid by inserting coins in
25 coin-operated telecommunication devices.

26 (9) Amounts paid by telecommunications retailers
27 under the Telecommunications Infrastructure Maintenance
28 Fee Act.

29 (10) Charges for nontaxable services or
30 telecommunications if (i) those charges are aggregated
31 with other charges for telecommunications that are
32 taxable, (ii) those charges are not separately stated on
33 the customer bill or invoice, and (iii) the retailer can
34 reasonably identify the nontaxable charges on the

1 retailer's books and records kept in the regular course
2 of business. If the nontaxable charges cannot reasonably
3 be identified, the gross charge from the sale of both
4 taxable and nontaxable services or telecommunications
5 billed on a combined basis shall be attributed to the
6 taxable services or telecommunications. The burden of
7 proving nontaxable charges shall be on the retailer of
8 the telecommunications.

9 "Interstate telecommunications" means all
10 telecommunications that either originate or terminate outside
11 this State.

12 "Intrastate telecommunications" means all
13 telecommunications that originate and terminate within this
14 State.

15 "Person" means any natural individual, firm, trust,
16 estate, partnership, association, joint stock company, joint
17 venture, corporation, limited liability company, or a
18 receiver, trustee, guardian, or other representative
19 appointed by order of any court, the Federal and State
20 governments, including State universities created by statute,
21 or any city, town, county, or other political subdivision of
22 this State.

23 "Purchase at retail" means the acquisition, consumption
24 or use of telecommunications through a sale at retail.

25 "Retailer" means and includes every person engaged in the
26 business of making sales at retail as defined in this
27 Section. The Department may, in its discretion, upon
28 application, authorize the collection of the tax hereby
29 imposed by any retailer not maintaining a place of business
30 within this State, who, to the satisfaction of the
31 Department, furnishes adequate security to insure collection
32 and payment of the tax. Such retailer shall be issued,
33 without charge, a permit to collect such tax. When so
34 authorized, it shall be the duty of such retailer to collect

1 the tax upon all of the gross charges for telecommunications
2 in this State in the same manner and subject to the same
3 requirements as a retailer maintaining a place of business
4 within this State. The permit may be revoked by the
5 Department at its discretion.

6 "Retailer maintaining a place of business in this State",
7 or any like term, means and includes any retailer having or
8 maintaining within this State, directly or by a subsidiary,
9 an office, distribution facilities, transmission facilities,
10 sales office, warehouse or other place of business, or any
11 agent or other representative operating within this State
12 under the authority of the retailer or its subsidiary,
13 irrespective of whether such place of business or agent or
14 other representative is located here permanently or
15 temporarily, or whether such retailer or subsidiary is
16 licensed to do business in this State.

17 "Sale at retail" means the transmitting, supplying or
18 furnishing of telecommunications and all services and
19 equipment provided in connection therewith for a
20 consideration, to persons other than the Federal and State
21 governments, and State universities created by statute and
22 other than between a parent corporation and its wholly owned
23 subsidiaries or between wholly owned subsidiaries for their
24 use or consumption and not for resale.

25 "Service address" means the location of
26 telecommunications equipment from which telecommunications
27 services are originated or at which telecommunications
28 services are received by a taxpayer. In the event this may
29 not be a defined location, as in the case of mobile phones,
30 paging systems, and maritime systems, service address means
31 the customer's place of primary use as defined in the Mobile
32 Telecommunications Sourcing Conformity Act. For
33 air-to-ground systems and the like, "service address" shall
34 mean the location of a taxpayer's primary use of the

1 telecommunications equipment as defined by telephone number,
2 authorization code, or location in Illinois where bills are
3 sent.

4 "Taxpayer" means a person who individually or through his
5 or her agents, employees, or permittees engages in the act or
6 privilege of originating or receiving telecommunications in a
7 municipality and who incurs a tax liability as authorized by
8 this Act.

9 "Telecommunications", in addition to the meaning
10 ordinarily and popularly ascribed to it, includes, without
11 limitation, messages or information transmitted through use
12 of local, toll, and wide area telephone service, private line
13 services, channel services, telegraph services,
14 teletypewriter, computer exchange services, cellular mobile
15 telecommunications service, specialized mobile radio,
16 stationary two-way radio, paging service, or any other form
17 of mobile and portable one-way or two-way communications, or
18 any other transmission of messages or information by
19 electronic or similar means, between or among points by wire,
20 cable, fiber optics, laser, microwave, radio, satellite, or
21 similar facilities. As used in this Act, "private line"
22 means a dedicated non-traffic sensitive service for a single
23 customer, that entitles the customer to exclusive or priority
24 use of a communications channel or group of channels, from
25 one or more specified locations to one or more other
26 specified locations. The definition of "telecommunications"
27 shall not include value added services in which computer
28 processing applications are used to act on the form, content,
29 code, and protocol of the information for purposes other than
30 transmission. "Telecommunications" shall not include
31 purchases of telecommunications by a telecommunications
32 service provider for use as a component part of the service
33 provided by such provider to the ultimate retail consumer who
34 originates or terminates the taxable end-to-end

1 communications. Carrier access charges, right of access
2 charges, charges for use of inter-company facilities, and all
3 telecommunications resold in the subsequent provision of,
4 used as a component of, or integrated into, end-to-end
5 telecommunications service shall be non-taxable as sales for
6 resale. Prepaid telephone calling arrangements shall not be
7 considered "telecommunications" subject to the tax imposed
8 under this Act. For purposes of this Section, "prepaid
9 telephone calling arrangements" means that term as defined in
10 Section 2-27 of the Retailers' Occupation Tax Act.

11 (Source: P.A. 92-526, eff. 7-1-02; 92-878, eff. 1-1-04.)

12 (35 ILCS 636/5-10)

13 Sec. 5-10. Authority. The corporate authorities of any
14 municipality in this State may tax any and all of the
15 following acts or privileges:

16 (a) The act or privilege of originating in such
17 municipality or receiving in such municipality intrastate
18 telecommunications by a person. To prevent actual
19 multi-municipal taxation of the act or privilege that is
20 subject to taxation under this subsection, any taxpayer, upon
21 proof that the taxpayer has paid a tax in another
22 municipality on that event, shall be allowed a credit against
23 any tax enacted pursuant to or authorized by this Section to
24 the extent of the amount of the tax properly due and paid in
25 the municipality that was not previously allowed as a credit
26 against any other municipal tax. However, such tax is not
27 imposed on such act or privilege to the extent such act or
28 privilege may not, under the Constitution and statutes of the
29 United States, be made the subject of taxation by
30 municipalities in this State.

31 (b) The act or privilege of originating in such
32 municipality or receiving in such municipality interstate
33 telecommunications by a person. To prevent actual multi-state

1 or multi-municipal taxation of the act or privilege that is
2 subject to taxation under this subsection, any taxpayer, upon
3 proof that the taxpayer has paid a tax in another state or
4 municipality in this State on such event, shall be allowed a
5 credit against any tax enacted pursuant to or authorized by
6 this Section to the extent of the amount of such tax properly
7 due and paid in such other state or such tax properly due and
8 paid in a municipality in this State which was not previously
9 allowed as a credit against any other state or local tax in
10 this State. However, such tax is not imposed on the act or
11 privilege to the extent such act or privilege may not, under
12 the Constitution and statutes of the United States, be made
13 the subject of taxation by municipalities in this State.

14 (Source: P.A. 92-526, eff. 7-1-02.)

15 (35 ILCS 636/5-20)

16 Sec. 5-20. Imposition.

17 (a) On and after January 1, 2003, for municipalities
18 with populations of less than 500,000, the tax authorized by
19 this Act shall be imposed (except as provided in Sections
20 5-25 and 5-30 of this Act), amended, or repealed by an
21 ordinance adopted by the municipality, which ordinance shall
22 be filed by the municipality with the Department pursuant to
23 the rules of the Department.

24 (1) Any ordinance adopted by a municipality with a
25 population of less than 500,000 which attempts to impose,
26 amend or repeal the tax authorized by this Act shall be
27 of no force and effect until properly filed with an
28 appropriate form with the Department.

29 (2) Any certified copy of an ordinance (i) filed
30 with the Department prior to October 1, 2002 shall be
31 effective with respect to gross charges billed by
32 telecommunications retailers on or after January 1, 2003
33 and (ii) thereafter--any-certified-copy-of-an-ordinance

1 filed with the Department on or after October 1, 2002 and
2 before April 1, 2003 ~~prior to any April 1 or October 1~~
3 shall be effective with respect to gross charges billed
4 by telecommunications retailers on or after ~~the following~~
5 July 1, 2003 or January 1, respectively. On and after
6 April 1, 2003, any certified copy of an ordinance filed
7 with the Department on or before September 20 or March 20
8 shall be effective with respect to gross charges billed
9 by telecommunications retailers on or after the following
10 January 1 or July 1, respectively. If the certified
11 ordinance is filed with the Department on or before
12 September 20, the Department shall determine by October
13 10 whether the ordinance meets the criteria under this
14 Act. If the certified ordinance is filed with the
15 Department on or before March 20, the Department shall
16 determine by April 10 whether the ordinance meets the
17 criteria under this Act. If the ordinance meets the
18 criteria, the Department shall notify the
19 telecommunications retailers via a posting on the
20 Department's web site that the ordinance is approved and
21 shall list the rate. For ordinances filed with the
22 Department on or before September 20, notification must
23 be made no later than October 10. For ordinances filed
24 with the Department on or before March 20, notification
25 must be made no later than April 10.

26 (b) On and after January 1, 2003, for municipalities
27 with populations of 500,000 or more, the tax authorized by
28 this Act shall be imposed, amended, or repealed, and any
29 authorized exemptions granted, by the adoption of an
30 ordinance and notification to the telecommunications
31 retailers.

32 (Source: P.A. 92-526, eff. 7-1-02.)

33 Section 95. No acceleration or delay. Where this Act

1 makes changes in a statute that is represented in this Act by
2 text that is not yet or no longer in effect (for example, a
3 Section represented by multiple versions), the use of that
4 text does not accelerate or delay the taking effect of (i)
5 the changes made by this Act or (ii) provisions derived from
6 any other Public Act.

7 Section 99. Effective date. This Act takes effect on
8 January 1, 2004, except that this Section and the changes to
9 Sections 5-10 and 5-20 of the Simplified Municipal
10 Telecommunications Tax Act take effect upon becoming law.