



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB3187

by Rep. Charles Meier

SYNOPSIS AS INTRODUCED:

65 ILCS 5/8-11-1.1	from Ch. 24, par. 8-11-1.1
65 ILCS 5/8-11-1.3	from Ch. 24, par. 8-11-1.3
65 ILCS 5/8-11-1.4	from Ch. 24, par. 8-11-1.4
65 ILCS 5/8-11-1.5	from Ch. 24, par. 8-11-1.5

Amends the Illinois Municipal Code. Increases the amount of non-home rule municipal retailers' occupation taxes, non-home rule municipal service occupation taxes, and non-home rule municipal use taxes a non-home rule municipality may impose from 1% to 1.5%. Removes a restriction requiring the taxes to be imposed in 0.25% increments. Effective immediately.

LRB100 09074 AWJ 19225 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

1 AN ACT concerning local government.

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

4 Section 5. The Illinois Municipal Code is amended by
5 changing Sections 8-11-1.1, 8-11-1.3, 8-11-1.4, and 8-11-1.5
6 as follows:

7 (65 ILCS 5/8-11-1.1) (from Ch. 24, par. 8-11-1.1)

8 Sec. 8-11-1.1. Non-home rule municipalities; imposition of
9 taxes.

10 (a) The corporate authorities of a non-home rule
11 municipality may, upon approval of the electors of the
12 municipality pursuant to subsection (b) of this Section, impose
13 by ordinance or resolution the tax authorized in Sections
14 8-11-1.3, 8-11-1.4 and 8-11-1.5 of this Act.

15 (b) The corporate authorities of the municipality may by
16 ordinance or resolution call for the submission to the electors
17 of the municipality the question of whether the municipality
18 shall impose such tax. Such question shall be certified by the
19 municipal clerk to the election authority in accordance with
20 Section 28-5 of the Election Code and shall be in a form in
21 accordance with Section 16-7 of the Election Code.

22 Notwithstanding any provision of law to the contrary, if
23 the proceeds of the tax may be used for municipal operations

1 pursuant to Section 8-11-1.3, 8-11-1.4, or 8-11-1.5, then the
2 election authority must submit the question in substantially
3 the following form:

4 Shall the corporate authorities of the municipality be
5 authorized to levy a tax at a rate of (rate)% for
6 expenditures on municipal operations, expenditures on
7 public infrastructure, or property tax relief?

8 If a majority of the electors in the municipality voting
9 upon the question vote in the affirmative, such tax shall be
10 imposed.

11 Until January 1, 1992, an ordinance or resolution imposing
12 the tax of not more than 1% hereunder or discontinuing the same
13 shall be adopted and a certified copy thereof, together with a
14 certification that the ordinance or resolution received
15 referendum approval in the case of the imposition of such tax,
16 filed with the Department of Revenue, on or before the first
17 day of June, whereupon the Department shall proceed to
18 administer and enforce the additional tax or to discontinue the
19 tax, as the case may be, as of the first day of September next
20 following such adoption and filing.

21 Beginning January 1, 1992 and through December 31, 1992, an
22 ordinance or resolution imposing or discontinuing the tax
23 hereunder shall be adopted and a certified copy thereof filed
24 with the Department on or before the first day of July,
25 whereupon the Department shall proceed to administer and
26 enforce this Section as of the first day of October next

1 following such adoption and filing.

2 Beginning January 1, 1993, and through September 30, 2002,
3 an ordinance or resolution imposing or discontinuing the tax
4 hereunder shall be adopted and a certified copy thereof filed
5 with the Department on or before the first day of October,
6 whereupon the Department shall proceed to administer and
7 enforce this Section as of the first day of January next
8 following such adoption and filing.

9 Beginning October 1, 2002, and through December 31, 2013,
10 an ordinance or resolution imposing or discontinuing the tax
11 under this Section or effecting a change in the rate of tax
12 must either (i) be adopted and a certified copy of the
13 ordinance or resolution filed with the Department on or before
14 the first day of April, whereupon the Department shall proceed
15 to administer and enforce this Section as of the first day of
16 July next following the adoption and filing; or (ii) be adopted
17 and a certified copy of the ordinance or resolution filed with
18 the Department on or before the first day of October, whereupon
19 the Department shall proceed to administer and enforce this
20 Section as of the first day of January next following the
21 adoption and filing.

22 Beginning January 1, 2014, if an ordinance or resolution
23 imposing the tax under this Section, discontinuing the tax
24 under this Section, or effecting a change in the rate of tax
25 under this Section is adopted, a certified copy thereof,
26 together with a certification that the ordinance or resolution

1 received referendum approval in the case of the imposition of
2 or increase in the rate of such tax, shall be filed with the
3 Department of Revenue, either (i) on or before the first day of
4 May, whereupon the Department shall proceed to administer and
5 enforce this Section as of the first day of July next following
6 the adoption and filing; or (ii) on or before the first day of
7 October, whereupon the Department shall proceed to administer
8 and enforce this Section as of the first day of January next
9 following the adoption and filing.

10 Notwithstanding any provision in this Section to the
11 contrary, if, in a non-home rule municipality with more than
12 150,000 but fewer than 200,000 inhabitants, as determined by
13 the last preceding federal decennial census, an ordinance or
14 resolution under this Section imposes or discontinues a tax or
15 changes the tax rate as of July 1, 2007, then that ordinance or
16 resolution, together with a certification that the ordinance or
17 resolution received referendum approval in the case of the
18 imposition of the tax, must be adopted and a certified copy of
19 that ordinance or resolution must be filed with the Department
20 on or before May 15, 2007, whereupon the Department shall
21 proceed to administer and enforce this Section as of July 1,
22 2007.

23 Notwithstanding any provision in this Section to the
24 contrary, if, in a non-home rule municipality with more than
25 6,500 but fewer than 7,000 inhabitants, as determined by the
26 last preceding federal decennial census, an ordinance or

1 resolution under this Section imposes or discontinues a tax or
2 changes the tax rate on or before May 20, 2009, then that
3 ordinance or resolution, together with a certification that the
4 ordinance or resolution received referendum approval in the
5 case of the imposition of the tax, must be adopted and a
6 certified copy of that ordinance or resolution must be filed
7 with the Department on or before May 20, 2009, whereupon the
8 Department shall proceed to administer and enforce this Section
9 as of July 1, 2009.

10 A non-home rule municipality may file a certified copy of
11 an ordinance or resolution, with a certification that the
12 ordinance or resolution received referendum approval in the
13 case of the imposition of the tax, with the Department of
14 Revenue, as required under this Section, only after October 2,
15 2000.

16 The tax authorized by this Section may not be more than
17 1.5% ~~1% and may be imposed only in 1/4% increments.~~

18 (Source: P.A. 98-584, eff. 8-27-13.)

19 (65 ILCS 5/8-11-1.3) (from Ch. 24, par. 8-11-1.3)

20 Sec. 8-11-1.3. Non-Home Rule Municipal Retailers'
21 Occupation Tax Act. The corporate authorities of a non-home
22 rule municipality may impose a tax upon all persons engaged in
23 the business of selling tangible personal property, other than
24 on an item of tangible personal property which is titled and
25 registered by an agency of this State's Government, at retail

1 in the municipality for expenditure on public infrastructure or
2 for property tax relief or both as defined in Section 8-11-1.2
3 if approved by referendum as provided in Section 8-11-1.1, of
4 the gross receipts from such sales made in the course of such
5 business. If the tax is approved by referendum on or after July
6 14, 2010 (the effective date of Public Act 96-1057), the
7 corporate authorities of a non-home rule municipality may,
8 until December 31, 2020, use the proceeds of the tax for
9 expenditure on municipal operations, in addition to or in lieu
10 of any expenditure on public infrastructure or for property tax
11 relief. The tax imposed may not be more than 1.5% ~~1% and may be~~
12 ~~imposed only in 1/4% increments~~. The tax may not be imposed on
13 the sale of food for human consumption that is to be consumed
14 off the premises where it is sold (other than alcoholic
15 beverages, soft drinks, and food that has been prepared for
16 immediate consumption) and prescription and nonprescription
17 medicines, drugs, medical appliances, and insulin, urine
18 testing materials, syringes, and needles used by diabetics. The
19 tax imposed by a municipality pursuant to this Section and all
20 civil penalties that may be assessed as an incident thereof
21 shall be collected and enforced by the State Department of
22 Revenue. The certificate of registration which is issued by the
23 Department to a retailer under the Retailers' Occupation Tax
24 Act shall permit such retailer to engage in a business which is
25 taxable under any ordinance or resolution enacted pursuant to
26 this Section without registering separately with the

1 Department under such ordinance or resolution or under this
2 Section. The Department shall have full power to administer and
3 enforce this Section; to collect all taxes and penalties due
4 hereunder; to dispose of taxes and penalties so collected in
5 the manner hereinafter provided, and to determine all rights to
6 credit memoranda, arising on account of the erroneous payment
7 of tax or penalty hereunder. In the administration of, and
8 compliance with, this Section, the Department and persons who
9 are subject to this Section shall have the same rights,
10 remedies, privileges, immunities, powers and duties, and be
11 subject to the same conditions, restrictions, limitations,
12 penalties and definitions of terms, and employ the same modes
13 of procedure, as are prescribed in Sections 1, 1a, 1a-1, 1d,
14 1e, 1f, 1i, 1j, 2 through 2-65 (in respect to all provisions
15 therein other than the State rate of tax), 2c, 3 (except as to
16 the disposition of taxes and penalties collected), 4, 5, 5a,
17 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 6d,
18 7, 8, 9, 10, 11, 12 and 13 of the Retailers' Occupation Tax Act
19 and Section 3-7 of the Uniform Penalty and Interest Act as
20 fully as if those provisions were set forth herein.

21 No municipality may impose a tax under this Section unless
22 the municipality also imposes a tax at the same rate under
23 Section 8-11-1.4 of this Code.

24 Persons subject to any tax imposed pursuant to the
25 authority granted in this Section may reimburse themselves for
26 their seller's tax liability hereunder by separately stating

1 such tax as an additional charge, which charge may be stated in
2 combination, in a single amount, with State tax which sellers
3 are required to collect under the Use Tax Act, pursuant to such
4 bracket schedules as the Department may prescribe.

5 Whenever the Department determines that a refund should be
6 made under this Section to a claimant instead of issuing a
7 credit memorandum, the Department shall notify the State
8 Comptroller, who shall cause the order to be drawn for the
9 amount specified, and to the person named, in such notification
10 from the Department. Such refund shall be paid by the State
11 Treasurer out of the non-home rule municipal retailers'
12 occupation tax fund.

13 The Department shall forthwith pay over to the State
14 Treasurer, ex officio, as trustee, all taxes and penalties
15 collected hereunder.

16 As soon as possible after the first day of each month,
17 beginning January 1, 2011, upon certification of the Department
18 of Revenue, the Comptroller shall order transferred, and the
19 Treasurer shall transfer, to the STAR Bonds Revenue Fund the
20 local sales tax increment, as defined in the Innovation
21 Development and Economy Act, collected under this Section
22 during the second preceding calendar month for sales within a
23 STAR bond district.

24 After the monthly transfer to the STAR Bonds Revenue Fund,
25 on or before the 25th day of each calendar month, the
26 Department shall prepare and certify to the Comptroller the

1 disbursement of stated sums of money to named municipalities,
2 the municipalities to be those from which retailers have paid
3 taxes or penalties hereunder to the Department during the
4 second preceding calendar month. The amount to be paid to each
5 municipality shall be the amount (not including credit
6 memoranda) collected hereunder during the second preceding
7 calendar month by the Department plus an amount the Department
8 determines is necessary to offset any amounts which were
9 erroneously paid to a different taxing body, and not including
10 an amount equal to the amount of refunds made during the second
11 preceding calendar month by the Department on behalf of such
12 municipality, and not including any amount which the Department
13 determines is necessary to offset any amounts which were
14 payable to a different taxing body but were erroneously paid to
15 the municipality, and not including any amounts that are
16 transferred to the STAR Bonds Revenue Fund. Within 10 days
17 after receipt, by the Comptroller, of the disbursement
18 certification to the municipalities, provided for in this
19 Section to be given to the Comptroller by the Department, the
20 Comptroller shall cause the orders to be drawn for the
21 respective amounts in accordance with the directions contained
22 in such certification.

23 For the purpose of determining the local governmental unit
24 whose tax is applicable, a retail sale, by a producer of coal
25 or other mineral mined in Illinois, is a sale at retail at the
26 place where the coal or other mineral mined in Illinois is

1 extracted from the earth. This paragraph does not apply to coal
2 or other mineral when it is delivered or shipped by the seller
3 to the purchaser at a point outside Illinois so that the sale
4 is exempt under the Federal Constitution as a sale in
5 interstate or foreign commerce.

6 Nothing in this Section shall be construed to authorize a
7 municipality to impose a tax upon the privilege of engaging in
8 any business which under the constitution of the United States
9 may not be made the subject of taxation by this State.

10 When certifying the amount of a monthly disbursement to a
11 municipality under this Section, the Department shall increase
12 or decrease such amount by an amount necessary to offset any
13 misallocation of previous disbursements. The offset amount
14 shall be the amount erroneously disbursed within the previous 6
15 months from the time a misallocation is discovered.

16 The Department of Revenue shall implement this amendatory
17 Act of the 91st General Assembly so as to collect the tax on
18 and after January 1, 2002.

19 As used in this Section, "municipal" and "municipality"
20 means a city, village or incorporated town, including an
21 incorporated town which has superseded a civil township.

22 This Section shall be known and may be cited as the
23 "Non-Home Rule Municipal Retailers' Occupation Tax Act".

24 (Source: P.A. 99-217, eff. 7-31-15.)

25 (65 ILCS 5/8-11-1.4) (from Ch. 24, par. 8-11-1.4)

1 Sec. 8-11-1.4. Non-Home Rule Municipal Service Occupation
2 Tax Act. The corporate authorities of a non-home rule
3 municipality may impose a tax upon all persons engaged, in such
4 municipality, in the business of making sales of service for
5 expenditure on public infrastructure or for property tax relief
6 or both as defined in Section 8-11-1.2 if approved by
7 referendum as provided in Section 8-11-1.1, of the selling
8 price of all tangible personal property transferred by such
9 servicemen either in the form of tangible personal property or
10 in the form of real estate as an incident to a sale of service.
11 If the tax is approved by referendum on or after July 14, 2010
12 (the effective date of Public Act 96-1057), the corporate
13 authorities of a non-home rule municipality may, until December
14 31, 2020, use the proceeds of the tax for expenditure on
15 municipal operations, in addition to or in lieu of any
16 expenditure on public infrastructure or for property tax
17 relief. The tax imposed may not be more than 1.5% ~~1% and may be~~
18 ~~imposed only in 1/4% increments~~. The tax may not be imposed on
19 the sale of food for human consumption that is to be consumed
20 off the premises where it is sold (other than alcoholic
21 beverages, soft drinks, and food that has been prepared for
22 immediate consumption) and prescription and nonprescription
23 medicines, drugs, medical appliances, and insulin, urine
24 testing materials, syringes, and needles used by diabetics. The
25 tax imposed by a municipality pursuant to this Section and all
26 civil penalties that may be assessed as an incident thereof

1 shall be collected and enforced by the State Department of
2 Revenue. The certificate of registration which is issued by the
3 Department to a retailer under the Retailers' Occupation Tax
4 Act or under the Service Occupation Tax Act shall permit such
5 registrant to engage in a business which is taxable under any
6 ordinance or resolution enacted pursuant to this Section
7 without registering separately with the Department under such
8 ordinance or resolution or under this Section. The Department
9 shall have full power to administer and enforce this Section;
10 to collect all taxes and penalties due hereunder; to dispose of
11 taxes and penalties so collected in the manner hereinafter
12 provided, and to determine all rights to credit memoranda
13 arising on account of the erroneous payment of tax or penalty
14 hereunder. In the administration of, and compliance with, this
15 Section the Department and persons who are subject to this
16 Section shall have the same rights, remedies, privileges,
17 immunities, powers and duties, and be subject to the same
18 conditions, restrictions, limitations, penalties and
19 definitions of terms, and employ the same modes of procedure,
20 as are prescribed in Sections 1a-1, 2, 2a, 3 through 3-50 (in
21 respect to all provisions therein other than the State rate of
22 tax), 4 (except that the reference to the State shall be to the
23 taxing municipality), 5, 7, 8 (except that the jurisdiction to
24 which the tax shall be a debt to the extent indicated in that
25 Section 8 shall be the taxing municipality), 9 (except as to
26 the disposition of taxes and penalties collected, and except

1 that the returned merchandise credit for this municipal tax may
2 not be taken against any State tax), 10, 11, 12 (except the
3 reference therein to Section 2b of the Retailers' Occupation
4 Tax Act), 13 (except that any reference to the State shall mean
5 the taxing municipality), the first paragraph of Section 15,
6 16, 17, 18, 19 and 20 of the Service Occupation Tax Act and
7 Section 3-7 of the Uniform Penalty and Interest Act, as fully
8 as if those provisions were set forth herein.

9 No municipality may impose a tax under this Section unless
10 the municipality also imposes a tax at the same rate under
11 Section 8-11-1.3 of this Code.

12 Persons subject to any tax imposed pursuant to the
13 authority granted in this Section may reimburse themselves for
14 their serviceman's tax liability hereunder by separately
15 stating such tax as an additional charge, which charge may be
16 stated in combination, in a single amount, with State tax which
17 servicemen are authorized to collect under the Service Use Tax
18 Act, pursuant to such bracket schedules as the Department may
19 prescribe.

20 Whenever the Department determines that a refund should be
21 made under this Section to a claimant instead of issuing credit
22 memorandum, the Department shall notify the State Comptroller,
23 who shall cause the order to be drawn for the amount specified,
24 and to the person named, in such notification from the
25 Department. Such refund shall be paid by the State Treasurer
26 out of the municipal retailers' occupation tax fund.

1 The Department shall forthwith pay over to the State
2 Treasurer, ex officio, as trustee, all taxes and penalties
3 collected hereunder.

4 As soon as possible after the first day of each month,
5 beginning January 1, 2011, upon certification of the Department
6 of Revenue, the Comptroller shall order transferred, and the
7 Treasurer shall transfer, to the STAR Bonds Revenue Fund the
8 local sales tax increment, as defined in the Innovation
9 Development and Economy Act, collected under this Section
10 during the second preceding calendar month for sales within a
11 STAR bond district.

12 After the monthly transfer to the STAR Bonds Revenue Fund,
13 on or before the 25th day of each calendar month, the
14 Department shall prepare and certify to the Comptroller the
15 disbursement of stated sums of money to named municipalities,
16 the municipalities to be those from which suppliers and
17 servicemen have paid taxes or penalties hereunder to the
18 Department during the second preceding calendar month. The
19 amount to be paid to each municipality shall be the amount (not
20 including credit memoranda) collected hereunder during the
21 second preceding calendar month by the Department, and not
22 including an amount equal to the amount of refunds made during
23 the second preceding calendar month by the Department on behalf
24 of such municipality, and not including any amounts that are
25 transferred to the STAR Bonds Revenue Fund. Within 10 days
26 after receipt, by the Comptroller, of the disbursement

1 certification to the municipalities and the General Revenue
2 Fund, provided for in this Section to be given to the
3 Comptroller by the Department, the Comptroller shall cause the
4 orders to be drawn for the respective amounts in accordance
5 with the directions contained in such certification.

6 The Department of Revenue shall implement this amendatory
7 Act of the 91st General Assembly so as to collect the tax on
8 and after January 1, 2002.

9 Nothing in this Section shall be construed to authorize a
10 municipality to impose a tax upon the privilege of engaging in
11 any business which under the constitution of the United States
12 may not be made the subject of taxation by this State.

13 As used in this Section, "municipal" or "municipality"
14 means or refers to a city, village or incorporated town,
15 including an incorporated town which has superseded a civil
16 township.

17 This Section shall be known and may be cited as the
18 "Non-Home Rule Municipal Service Occupation Tax Act".

19 (Source: P.A. 96-939, eff. 6-24-10; 96-1057, eff. 7-14-10;
20 97-333, eff. 8-12-11; 97-837, eff. 7-20-12.)

21 (65 ILCS 5/8-11-1.5) (from Ch. 24, par. 8-11-1.5)

22 Sec. 8-11-1.5. Non-Home Rule Municipal Use Tax Act. The
23 corporate authorities of a non-home rule municipality may
24 impose a tax upon the privilege of using, in such municipality,
25 any item of tangible personal property which is purchased at

1 retail from a retailer, and which is titled or registered with
2 an agency of this State's government, based on the selling
3 price of such tangible personal property, as "selling price" is
4 defined in the Use Tax Act, for expenditure on public
5 infrastructure or for property tax relief or both as defined in
6 Section 8-11-1.2, if approved by referendum as provided in
7 Section 8-11-1.1. If the tax is approved by referendum on or
8 after the effective date of this amendatory Act of the 96th
9 General Assembly, the corporate authorities of a non-home rule
10 municipality may, until December 31, 2020, use the proceeds of
11 the tax for expenditure on municipal operations, in addition to
12 or in lieu of any expenditure on public infrastructure or for
13 property tax relief. The tax imposed may not be more than 1.5%
14 ~~1% and may be imposed only in 1/4% increments~~. Such tax shall
15 be collected from persons whose Illinois address for title or
16 registration purposes is given as being in such municipality.
17 Such tax shall be collected by the municipality imposing such
18 tax. A non-home rule municipality may not impose and collect
19 the tax prior to January 1, 2002.

20 This Section shall be known and may be cited as the
21 "Non-Home Rule Municipal Use Tax Act".

22 (Source: P.A. 96-1057, eff. 7-14-10; 97-837, eff. 7-20-12.)

23 Section 99. Effective date. This Act takes effect upon
24 becoming law.