



Rep. Jay Hoffman

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LRB100 06488 HLH 26905 a

1 AMENDMENT TO SENATE BILL 1434

2 AMENDMENT NO. _____. Amend Senate Bill 1434 by replacing
3 line 8 on page 3 through line 3 on page 7 with the following:

4 "Section 10. Rental Purchase Agreement Occupation Tax. A
5 tax is imposed upon persons engaged in this State in the
6 business of renting merchandise under a rental-purchase
7 agreement in Illinois at the rate of 6.25% of the gross
8 receipts received from the business. Every person engaged in
9 this State in the business of renting merchandise shall apply
10 to the Department (upon a form prescribed and furnished by the
11 Department) for a certificate of registration under this Act.
12 The certificate of registration which is issued by the
13 Department to a retailer under the Retailers' Occupation Tax
14 Act shall permit the merchant to engage in a business that is
15 taxable under this Section without registering separately with
16 the Department.

17 The Department shall have full power to administer and

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

19 Section 15. Rental Purchase Agreement Use Tax. A tax is
20 imposed upon the privilege of using, in this State, merchandise
21 which is rented from a merchant. Such tax is at the rate of
22 6.25% of the rental price paid to the merchant under any rental
23 purchase agreement.

24 The tax hereby imposed shall be collected from the consumer
25 by a merchant maintaining a place of business in this State and

1 remitted to the Department.

2 The tax hereby imposed and not paid to a merchant pursuant
3 to the preceding paragraph of this Section shall be paid to the
4 Department directly by any person using such merchandise within
5 this State.

6 Merchants shall collect the tax from consumers by adding
7 the tax to the rental price of the merchandise, when rented for
8 use, in the manner prescribed by the Department. The Department
9 shall have the power to adopt and promulgate reasonable rules
10 and regulations for the adding of such tax by merchants to
11 rental prices by prescribing bracket systems for the purpose of
12 enabling such merchants to add and collect, as far as
13 practicable, the amount of such tax.

14 The tax imposed by this Section shall, when collected, be
15 stated as a distinct item separate and apart from the rental
16 price of the merchandise.

17 The Department shall have full power to administer and
18 enforce this Section; to collect all taxes, penalties and
19 interest due hereunder; to dispose of taxes, penalties and
20 interest so collected in the manner hereinafter provided, and
21 to determine all rights to credit memoranda or refunds arising
22 on account of the erroneous payment of tax, penalty or interest
23 hereunder. In the administration of, and compliance with, this
24 Section, the Department and persons who are subject to this
25 Section shall have the same rights, remedies, privileges,
26 immunities, powers, and duties, and be subject to the same

1 conditions, restrictions, limitations, penalties, and
2 definitions of terms, and employ the same modes of procedure,
3 as are prescribed in Sections 2, 3, 3-10 through 3-80, 4, 6, 7,
4 8, 9 (except provisions relating to transaction returns), 10,
5 11, 12, 12a, 12b, 13, 14, 15, 19, 20, 21, and 22 of the Use Tax
6 Act, and are not inconsistent with this Section, as fully as if
7 those provisions were set forth herein.

8 Section 20. Electronic filing and payment. Any return or
9 document that is required to be filed under this Act shall be
10 filed electronically, in the form and manner required by the
11 Department.

12 Any payment required to be made under this Act shall be
13 paid electronically, in the form and manner required by the
14 Department.

15 The Department shall grant a waiver of the electronic
16 filing or payment requirement under this Section for any
17 taxpayer who petitions the Department and demonstrates undue
18 hardship in complying with the electronic filing or payment
19 requirement. The waiver shall be for a period not to exceed 2
20 years, but may be renewed an unlimited number of times for
21 periods not to exceed 2 years each.

22 Section 25. Deposit of taxes.

23 (a) Each month, from the net revenue realized for the
24 preceding month, the Department shall pay an amount estimated

1 by the Department to be required for refunds of the tax under
2 this Act, which shall be deposited into the Rental Purchase
3 Agreement Tax Refund Fund.

4 (b) Of the remainder of funds after the deposit under
5 subsection (a) of this Section:

6 (1) each month the Department shall pay into the State
7 and Local Sales Tax Reform Fund 20% of the net revenue
8 realized for the preceding month from the tax imposed under
9 this Act; and

10 (2) each month the Department shall pay into the
11 General Revenue Fund 80% of the net revenue realized for
12 the preceding month from the tax imposed under this Act.

13 Section 30. One-Time Transitional Use Tax Credit. Within 3
14 months after effective date of this Act, the merchant shall
15 file an application (upon a form prescribed and furnished by
16 the Department) to receive a one-time credit for the Use Tax
17 paid on merchandise subject to tax under this Act purchased
18 during the 6 months immediately prior to the effective date of
19 this Act. The Department shall issue a credit equal to the
20 total Use Tax paid in the 6 months immediately prior to the
21 effective date of this Act. Upon the issuance of the credit,
22 the merchant may apply the credit against the tax imposed under
23 this Act.

24 Section 35. Applicability. This Act does not apply to

1 tangible personal property which is required to be titled and
2 registered by a State agency.

3 Section 40. Rulemaking. The Department may make such rules
4 as it may deem necessary to implement the purposes of this Act.

5 Section 45. The State Finance Act is amended by adding
6 Sections 5.878 and 6z-102 as follows:

7 (30 ILCS 105/5.878 new)

8 Sec. 5.878. The Rental Purchase Agreement Tax Refund Fund.

9 (30 ILCS 105/6z-102 new)

10 Sec. 6z-102. The Rental Purchase Agreement Tax Refund Fund.

11 (a) The Rental Purchase Agreement Tax Refund Fund is hereby
12 created as a special fund in the State Treasury. Moneys in the
13 Fund shall be used by the Department of Revenue to pay refunds
14 of Rental Purchase Agreement Tax in the manner provided in
15 Section 6 of the Retailers' Occupation Tax Act and Section 19
16 of the Use Tax Act, as incorporated into Sections 10 and 15 of
17 the Rental Purchase Agreement Tax Act.

18 (b) Moneys in the Rental Purchase Agreement Tax Refund Fund
19 shall be expended exclusively for the purpose of paying refunds
20 pursuant to this Section.

21 (c) The Director of Revenue shall order payment of refunds
22 under this Section from the Rental Purchase Agreement Tax

1 Refund Fund only to the extent that amounts collected pursuant
2 to Sections 10 and 15 of the Rental Purchase Agreement
3 Occupation and Use Tax Act have been deposited and retained in
4 the Fund.

5 As soon as possible after the end of each fiscal year, the
6 Director of Revenue shall order transferred, and the State
7 Treasurer and State Comptroller shall transfer from the Rental
8 Purchase Agreement Tax Refund Fund to the General Revenue Fund,
9 any surplus remaining as of the end of such fiscal year.

10 This Section shall constitute an irrevocable and continuing
11 appropriation from the Rental Purchase Agreement Tax Refund
12 Fund for the purpose of paying refunds in accordance with the
13 provisions of this Section."