

HB0942



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB0942

by Rep. Michael J. Madigan

SYNOPSIS AS INTRODUCED:

65 ILCS 5/8-11-1

from Ch. 24, par. 8-11-1

Amends the Home Rule Municipal Retailers' Occupation Tax Act in the Illinois Municipal Code. Makes a technical change in a Section authorizing the imposition of the tax.

LRB101 03322 AWJ 48330 b

A BILL FOR

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 Section 8-11-1 as follows:

6 (65 ILCS 5/8-11-1) (from Ch. 24, par. 8-11-1)

7 Sec. 8-11-1. Home Rule Municipal Retailers' Occupation Tax
8 Act. ~~The~~ The corporate authorities of a home rule municipality
9 may impose a tax upon all persons engaged in the business of
10 selling tangible personal property, other than an item of
11 tangible personal property titled or registered with an agency
12 of this State's government, at retail in the municipality on
13 the gross receipts from these sales made in the course of such
14 business. If imposed, the tax shall only be imposed in 1/4%
15 increments. On and after September 1, 1991, this additional tax
16 may not be imposed on the sales of food for human consumption
17 that is to be consumed off the premises where it is sold (other
18 than alcoholic beverages, soft drinks and food that has been
19 prepared for immediate consumption) and prescription and
20 nonprescription medicines, drugs, medical appliances and
21 insulin, urine testing materials, syringes and needles used by
22 diabetics. The tax imposed by a home rule municipality under
23 this Section and all civil penalties that may be assessed as an

1 incident of the tax shall be collected and enforced by the
2 State Department of Revenue. The certificate of registration
3 that is issued by the Department to a retailer under the
4 Retailers' Occupation Tax Act shall permit the retailer to
5 engage in a business that is taxable under any ordinance or
6 resolution enacted pursuant to this Section without
7 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 1, 1a, 1d, 1e, 1f, 1i, 1j, 1k,
21 1m, 1n, 2 through 2-65 (in respect to all provisions therein
22 other than the State rate of tax), 2c, 3 (except as to the
23 disposition of taxes and penalties collected), 4, 5, 5a, 5b,
24 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 6d, 7, 8,
25 9, 10, 11, 12 and 13 of the Retailers' Occupation Tax Act and
26 Section 3-7 of the Uniform Penalty and Interest Act, as fully

1 as if those provisions were set forth herein.

2 No tax may be imposed by a home rule municipality under
3 this Section unless the municipality also imposes a tax at the
4 same rate under Section 8-11-5 of this Act.

5 Persons subject to any tax imposed under the authority
6 granted in this Section may reimburse themselves for their
7 seller's tax liability hereunder by separately stating that tax
8 as an additional charge, which charge may be stated in
9 combination, in a single amount, with State tax which sellers
10 are required to collect under the Use Tax Act, pursuant to such
11 bracket schedules as the Department may prescribe.

12 Whenever the Department determines that a refund should be
13 made under this Section to a claimant instead of issuing a
14 credit memorandum, the Department shall notify the State
15 Comptroller, who shall cause the order to be drawn for the
16 amount specified and to the person named in the notification
17 from the Department. The refund shall be paid by the State
18 Treasurer out of the home rule municipal retailers' occupation
19 tax fund.

20 The Department shall immediately pay over to the State
21 Treasurer, ex officio, as trustee, all taxes and penalties
22 collected hereunder.

23 As soon as possible after the first day of each month,
24 beginning January 1, 2011, upon certification of the Department
25 of Revenue, the Comptroller shall order transferred, and the
26 Treasurer shall transfer, to the STAR Bonds Revenue Fund the

1 local sales tax increment, as defined in the Innovation
2 Development and Economy Act, collected under this Section
3 during the second preceding calendar month for sales within a
4 STAR bond district.

5 After the monthly transfer to the STAR Bonds Revenue Fund,
6 on or before the 25th day of each calendar month, the
7 Department shall prepare and certify to the Comptroller the
8 disbursement of stated sums of money to named municipalities,
9 the municipalities to be those from which retailers have paid
10 taxes or penalties hereunder to the Department during the
11 second preceding calendar month. The amount to be paid to each
12 municipality shall be the amount (not including credit
13 memoranda) collected hereunder during the second preceding
14 calendar month by the Department plus an amount the Department
15 determines is necessary to offset any amounts that were
16 erroneously paid to a different taxing body, and not including
17 an amount equal to the amount of refunds made during the second
18 preceding calendar month by the Department on behalf of such
19 municipality, and not including any amount that the Department
20 determines is necessary to offset any amounts that were payable
21 to a different taxing body but were erroneously paid to the
22 municipality, and not including any amounts that are
23 transferred to the STAR Bonds Revenue Fund, less 1.5% of the
24 remainder, which the Department shall transfer into the Tax
25 Compliance and Administration Fund. The Department, at the time
26 of each monthly disbursement to the municipalities, shall

1 prepare and certify to the State Comptroller the amount to be
2 transferred into the Tax Compliance and Administration Fund
3 under this Section. Within 10 days after receipt by the
4 Comptroller of the disbursement certification to the
5 municipalities and the Tax Compliance and Administration Fund
6 provided for in this Section to be given to the Comptroller by
7 the Department, the Comptroller shall cause the orders to be
8 drawn for the respective amounts in accordance with the
9 directions contained in the certification.

10 In addition to the disbursement required by the preceding
11 paragraph and in order to mitigate delays caused by
12 distribution procedures, an allocation shall, if requested, be
13 made within 10 days after January 14, 1991, and in November of
14 1991 and each year thereafter, to each municipality that
15 received more than \$500,000 during the preceding fiscal year,
16 (July 1 through June 30) whether collected by the municipality
17 or disbursed by the Department as required by this Section.
18 Within 10 days after January 14, 1991, participating
19 municipalities shall notify the Department in writing of their
20 intent to participate. In addition, for the initial
21 distribution, participating municipalities shall certify to
22 the Department the amounts collected by the municipality for
23 each month under its home rule occupation and service
24 occupation tax during the period July 1, 1989 through June 30,
25 1990. The allocation within 10 days after January 14, 1991,
26 shall be in an amount equal to the monthly average of these

1 amounts, excluding the 2 months of highest receipts. The
2 monthly average for the period of July 1, 1990 through June 30,
3 1991 will be determined as follows: the amounts collected by
4 the municipality under its home rule occupation and service
5 occupation tax during the period of July 1, 1990 through
6 September 30, 1990, plus amounts collected by the Department
7 and paid to such municipality through June 30, 1991, excluding
8 the 2 months of highest receipts. The monthly average for each
9 subsequent period of July 1 through June 30 shall be an amount
10 equal to the monthly distribution made to each such
11 municipality under the preceding paragraph during this period,
12 excluding the 2 months of highest receipts. The distribution
13 made in November 1991 and each year thereafter under this
14 paragraph and the preceding paragraph shall be reduced by the
15 amount allocated and disbursed under this paragraph in the
16 preceding period of July 1 through June 30. The Department
17 shall prepare and certify to the Comptroller for disbursement
18 the allocations made in accordance with this paragraph.

19 For the purpose of determining the local governmental unit
20 whose tax is applicable, a retail sale by a producer of coal or
21 other mineral mined in Illinois is a sale at retail at the
22 place where the coal or other mineral mined in Illinois is
23 extracted from the earth. This paragraph does not apply to coal
24 or other mineral when it is delivered or shipped by the seller
25 to the purchaser at a point outside Illinois so that the sale
26 is exempt under the United States Constitution as a sale in

1 interstate or foreign commerce.

2 Nothing in this Section shall be construed to authorize a
3 municipality to impose a tax upon the privilege of engaging in
4 any business which under the Constitution of the United States
5 may not be made the subject of taxation by this State.

6 An ordinance or resolution imposing or discontinuing a tax
7 hereunder or effecting a change in the rate thereof shall be
8 adopted and a certified copy thereof filed with the Department
9 on or before the first day of June, whereupon the Department
10 shall proceed to administer and enforce this Section as of the
11 first day of September next following the adoption and filing.
12 Beginning January 1, 1992, an ordinance or resolution imposing
13 or discontinuing the tax hereunder or effecting a change in the
14 rate thereof shall be adopted and a certified copy thereof
15 filed with the Department on or before the first day of July,
16 whereupon the Department shall proceed to administer and
17 enforce this Section as of the first day of October next
18 following such adoption and filing. Beginning January 1, 1993,
19 an ordinance or resolution imposing or discontinuing the tax
20 hereunder or effecting a change in the rate thereof shall be
21 adopted and a certified copy thereof filed with the Department
22 on or before the first day of October, whereupon the Department
23 shall proceed to administer and enforce this Section as of the
24 first day of January next following the adoption and filing.
25 However, a municipality located in a county with a population
26 in excess of 3,000,000 that elected to become a home rule unit

1 at the general primary election in 1994 may adopt an ordinance
2 or resolution imposing the tax under this Section and file a
3 certified copy of the ordinance or resolution with the
4 Department on or before July 1, 1994. The Department shall then
5 proceed to administer and enforce this Section as of October 1,
6 1994. Beginning April 1, 1998, an ordinance or resolution
7 imposing or discontinuing the tax hereunder or effecting a
8 change in the rate thereof shall either (i) be adopted and a
9 certified copy thereof filed with the Department on or before
10 the first day of April, whereupon the Department shall proceed
11 to administer and enforce this Section as of the first day of
12 July next following the adoption and filing; or (ii) be adopted
13 and a certified copy thereof filed with the Department on or
14 before the first day of October, whereupon the Department shall
15 proceed to administer and enforce this Section as of the first
16 day of January next following the adoption and filing.

17 When certifying the amount of a monthly disbursement to a
18 municipality under this Section, the Department shall increase
19 or decrease the amount by an amount necessary to offset any
20 misallocation of previous disbursements. The offset amount
21 shall be the amount erroneously disbursed within the previous 6
22 months from the time a misallocation is discovered.

23 Any unobligated balance remaining in the Municipal
24 Retailers' Occupation Tax Fund on December 31, 1989, which fund
25 was abolished by Public Act 85-1135, and all receipts of
26 municipal tax as a result of audits of liability periods prior

1 to January 1, 1990, shall be paid into the Local Government Tax
2 Fund for distribution as provided by this Section prior to the
3 enactment of Public Act 85-1135. All receipts of municipal tax
4 as a result of an assessment not arising from an audit, for
5 liability periods prior to January 1, 1990, shall be paid into
6 the Local Government Tax Fund for distribution before July 1,
7 1990, as provided by this Section prior to the enactment of
8 Public Act 85-1135; and on and after July 1, 1990, all such
9 receipts shall be distributed as provided in Section 6z-18 of
10 the State Finance Act.

11 As used in this Section, "municipal" and "municipality"
12 means a city, village or incorporated town, including an
13 incorporated town that has superseded a civil township.

14 This Section shall be known and may be cited as the Home
15 Rule Municipal Retailers' Occupation Tax Act.

16 (Source: P.A. 99-217, eff. 7-31-15; 100-23, eff. 7-6-17;
17 100-587, eff. 6-4-18.)