



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB2843

by Rep. Ryan Spain

SYNOPSIS AS INTRODUCED:

65 ILCS 5/8-11-6

from Ch. 24, par. 8-11-6

Amends the Home Rule Municipal Use Tax Act in the Illinois Municipal Code. Provides that all home rule municipalities imposing a home rule municipal use tax (rather than only home rule municipalities with 2,000,000 or more inhabitants) may impose an additional use tax at a rate that is an increment of 1/4% not to exceed 1% and based on the selling price of the tangible personal property. Provides that the Department of Revenue may collect a 2% monthly administrative fee from the amount to be remitted back to a municipality with under 2,000,000 inhabitants. Effective July 1, 2019.

LRB101 07914 AWJ 52969 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 Section 8-11-6 as follows:

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

7 Sec. 8-11-6. Home Rule Municipal Use Tax Act.

8 (a) The corporate authorities of a home rule municipality
9 may impose a tax upon the privilege of using, in such
10 municipality, any item of tangible personal property which is
11 purchased at retail from a retailer, and which is titled or
12 registered at a location within the corporate limits of such
13 home rule municipality with an agency of this State's
14 government, at a rate which is an increment of 1/4% and based
15 on the selling price of such tangible personal property, as
16 "selling price" is defined in the Use Tax Act. In home rule
17 municipalities with less than 2,000,000 inhabitants, the tax
18 shall be collected by the municipality imposing the tax from
19 persons whose Illinois address for titling or registration
20 purposes is given as being in such municipality.

21 (b) ~~The In home rule municipalities with 2,000,000 or more~~
22 ~~inhabitants, the~~ corporate authorities of the home rule
23 municipality may additionally impose a tax ~~beginning July 1,~~

1 ~~1991~~ upon the privilege of using in the municipality, any item
2 of tangible personal property, other than tangible personal
3 property titled or registered with an agency of the State's
4 government, that is purchased at retail from a retailer located
5 outside the corporate limits of the municipality, at a rate
6 that is an increment of 1/4% not to exceed 1% and based on the
7 selling price of the tangible personal property, as "selling
8 price" is defined in the Use Tax Act. Such tax shall be
9 collected from the purchaser either by the municipality
10 imposing such tax or by the Department of Revenue pursuant to
11 an agreement between the Department and the municipality. If
12 the Department of Revenue is designated the administering
13 agency for tax collection and remittance by a municipality with
14 under 2,000,000 inhabitants imposing an additional tax under
15 this subsection, then the Department may collect a 2% monthly
16 administrative fee from the amount to be remitted back to the
17 municipality.

18 To prevent multiple home rule taxation, the use in a home
19 rule municipality of tangible personal property that is
20 acquired outside the municipality and caused to be brought into
21 the municipality by a person who has already paid a home rule
22 municipal tax in another municipality in respect to the sale,
23 purchase, or use of that property, shall be exempt to the
24 extent of the amount of the tax properly due and paid in the
25 other home rule municipality.

26 (c) If a municipality having 2,000,000 or more inhabitants

1 imposes the tax authorized by subsection (a), then the tax
2 shall be collected by the Illinois Department of Revenue when
3 the property is purchased at retail from a retailer in the
4 county in which the home rule municipality imposing the tax is
5 located, and in all contiguous counties. The tax shall be
6 remitted to the State, or an exemption determination must be
7 obtained from the Department before the title or certificate of
8 registration for the property may be issued. The tax or proof
9 of exemption may be transmitted to the Department by way of the
10 State agency with which, or State officer with whom, the
11 tangible personal property must be titled or registered if the
12 Department and that agency or State officer determine that this
13 procedure will expedite the processing of applications for
14 title or registration.

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

1 are prescribed in Sections 2 (except the definition of
2 "retailer maintaining a place of business in this State"), 3
3 (except provisions pertaining to the State rate of tax, and
4 except provisions concerning collection or refunding of the tax
5 by retailers), 4, 11, 12, 12a, 14, 15, 19, 20, 21 and 22 of the
6 Use Tax Act, which are not inconsistent with this Section, as
7 fully as if provisions contained in those Sections of the Use
8 Tax Act were set forth herein.

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

17 The Department shall forthwith pay over to the State
18 Treasurer, ex officio, as trustee, all taxes, penalties and
19 interest collected hereunder. On or before the 25th day of each
20 calendar month, the Department shall prepare and certify to the
21 State Comptroller the disbursement of stated sums of money to
22 named municipalities, the municipality in each instance to be
23 that municipality from which the Department during the second
24 preceding calendar month, collected municipal use tax from any
25 person whose Illinois address for titling or registration
26 purposes is given as being in such municipality. The amount to

1 be paid to each municipality shall be the amount (not including
2 credit memoranda) collected hereunder during the second
3 preceding calendar month by the Department, and not including
4 an amount equal to the amount of refunds made during the second
5 preceding calendar month by the Department on behalf of such
6 municipality, less 2% of the balance, which sum shall be
7 retained by the State Treasurer to cover the costs incurred by
8 the Department in administering and enforcing the provisions of
9 this Section. The Department, at the time of each monthly
10 disbursement to the municipalities, shall prepare and certify
11 to the Comptroller the amount so retained by the State
12 Treasurer, which shall be transferred into the Tax Compliance
13 and Administration Fund. Within 10 days after receipt by the
14 State Comptroller of the disbursement certification to the
15 municipalities provided for in this Section to be given to the
16 State Comptroller by the Department, the State Comptroller
17 shall cause the orders to be drawn for the respective amounts
18 in accordance with the directions contained in that
19 certification.

20 Any ordinance imposing or discontinuing any tax to be
21 collected and enforced by the Department under this Section
22 shall be adopted and a certified copy thereof filed with the
23 Department on or before October 1, whereupon the Department of
24 Revenue shall proceed to administer and enforce this Section on
25 behalf of the municipalities as of January 1 next following
26 such adoption and filing. Beginning April 1, 1998, any

1 ordinance imposing or discontinuing any tax to be collected and
2 enforced by the Department under this Section shall either (i)
3 be adopted and a certified copy thereof filed with the
4 Department on or before April 1, whereupon the Department of
5 Revenue shall proceed to administer and enforce this Section on
6 behalf of the municipalities as of July 1 next following the
7 adoption and filing; or (ii) be adopted and a certified copy
8 thereof filed with the Department on or before October 1,
9 whereupon the Department of Revenue shall proceed to administer
10 and enforce this Section on behalf of the municipalities as of
11 January 1 next following the adoption and filing.

12 Nothing in this subsection (c) shall prevent a home rule
13 municipality from collecting the tax pursuant to subsection (a)
14 in any situation where such tax is not collected by the
15 Department of Revenue under this subsection (c).

16 (d) Any unobligated balance remaining in the Municipal
17 Retailers' Occupation Tax Fund on December 31, 1989, which fund
18 was abolished by Public Act 85-1135, and all receipts of
19 municipal tax as a result of audits of liability periods prior
20 to January 1, 1990, shall be paid into the Local Government Tax
21 Fund, for distribution as provided by this Section prior to the
22 enactment of Public Act 85-1135. All receipts of municipal tax
23 as a result of an assessment not arising from an audit, for
24 liability periods prior to January 1, 1990, shall be paid into
25 the Local Government Tax Fund for distribution before July 1,
26 1990, as provided by this Section prior to the enactment of

1 Public Act 85-1135, and on and after July 1, 1990, all such
2 receipts shall be distributed as provided in Section 6z-18 of
3 the State Finance Act.

4 (e) As used in this Section, "Municipal" and "Municipality"
5 means a city, village or incorporated town, including an
6 incorporated town which has superseded a civil township.

7 (f) This Section shall be known and may be cited as the
8 Home Rule Municipal Use Tax Act.

9 (Source: P.A. 98-1049, eff. 8-25-14.)

10 Section 99. Effective date. This Act takes effect July 1,
11 2019.