



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB4048

Introduced 1/13/2020, by Rep. Jonathan Carroll

SYNOPSIS AS INTRODUCED:

35 ILCS 143/10-10
35 ILCS 143/10-30

Amends the Tobacco Products Tax Act of 1995. Provides that, beginning on January 1, 2021, the tax per cigar or other rolled tobacco product shall not exceed \$0.50 per cigar or roll. Provides that distributors are allowed a discount in the amount of 2% of the distributor's tax liability, but not to exceed \$2,000 per return.

LRB101 16088 HLH 65451 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Tobacco Products Tax Act of 1995 is amended
5 by changing Sections 10-10 and 10-30 as follows:

6 (35 ILCS 143/10-10)

7 Sec. 10-10. Tax imposed.

8 (a) Except as otherwise provided in this Section with
9 respect to little cigars, on the first day of the third month
10 after the month in which this Act becomes law, a tax is imposed
11 on any person engaged in business as a distributor of tobacco
12 products, as defined in Section 10-5, at the rate of (i) 18% of
13 the wholesale price of tobacco products sold or otherwise
14 disposed of to retailers or consumers located in this State
15 prior to July 1, 2012 and (ii) 36% of the wholesale price of
16 tobacco products sold or otherwise disposed of to retailers or
17 consumers located in this State beginning on July 1, 2012;
18 except that, beginning on January 1, 2013, the tax on moist
19 snuff shall be imposed at a rate of \$0.30 per ounce, and a
20 proportionate tax at the like rate on all fractional parts of
21 an ounce, sold or otherwise disposed of to retailers or
22 consumers located in this State; and except that, beginning
23 July 1, 2019, the tax on electronic cigarettes shall be imposed

1 at the rate of 15% of the wholesale price of electronic
2 cigarettes sold or otherwise disposed of to retailers or
3 consumers located in this State. The tax is in addition to all
4 other occupation or privilege taxes imposed by the State of
5 Illinois, by any political subdivision thereof, or by any
6 municipal corporation. However, the tax is not imposed upon any
7 activity in that business in interstate commerce or otherwise,
8 to the extent to which that activity may not, under the
9 Constitution and Statutes of the United States, be made the
10 subject of taxation by this State, and except that, beginning
11 July 1, 2013, the tax on little cigars shall be imposed at the
12 same rate, and the proceeds shall be distributed in the same
13 manner, as the tax imposed on cigarettes under the Cigarette
14 Tax Act. The tax is also not imposed on sales made to the
15 United States or any entity thereof.

16 (b) Notwithstanding subsection (a) of this Section,
17 stamping distributors of packages of little cigars containing
18 20 or 25 little cigars sold or otherwise disposed of in this
19 State shall remit the tax by purchasing tax stamps from the
20 Department and affixing them to packages of little cigars in
21 the same manner as stamps are purchased and affixed to
22 cigarettes under the Cigarette Tax Act, unless the stamping
23 distributor sells or otherwise disposes of those packages of
24 little cigars to another stamping distributor. Only persons
25 meeting the definition of "stamping distributor" contained in
26 Section 10-5 of this Act may affix stamps to packages of little

1 cigars containing 20 or 25 little cigars. Stamping distributors
2 may not sell or dispose of little cigars at retail to consumers
3 or users at locations where stamping distributors affix stamps
4 to packages of little cigars containing 20 or 25 little cigars.

5 (c) The impact of the tax levied by this Act is imposed
6 upon distributors engaged in the business of selling tobacco
7 products to retailers or consumers in this State. Whenever a
8 stamping distributor brings or causes to be brought into this
9 State from without this State, or purchases from without or
10 within this State, any packages of little cigars containing 20
11 or 25 little cigars upon which there are no tax stamps affixed
12 as required by this Act, for purposes of resale or disposal in
13 this State to a person not a stamping distributor, then such
14 stamping distributor shall pay the tax to the Department and
15 add the amount of the tax to the price of such packages sold by
16 such stamping distributor. Payment of the tax shall be
17 evidenced by a stamp or stamps affixed to each package of
18 little cigars containing 20 or 25 little cigars.

19 Stamping distributors paying the tax to the Department on
20 packages of little cigars containing 20 or 25 little cigars
21 sold to other distributors, wholesalers or retailers shall add
22 the amount of the tax to the price of the packages of little
23 cigars containing 20 or 25 little cigars sold by such stamping
24 distributors.

25 (d) Beginning on January 1, 2013, the tax rate imposed per
26 ounce of moist snuff may not exceed 15% of the tax imposed upon

1 a package of 20 cigarettes pursuant to the Cigarette Tax Act.

2 (d-5) Notwithstanding the provisions of this Section,
3 beginning January 1, 2021, the tax per cigar or other rolled
4 tobacco product sold or otherwise disposed of shall not exceed
5 \$0.50 per cigar or roll.

6 (e) All moneys received by the Department under this Act
7 from sales occurring prior to July 1, 2012 shall be paid into
8 the Long-Term Care Provider Fund of the State Treasury. Of the
9 moneys received by the Department from sales occurring on or
10 after July 1, 2012, except for moneys received from the tax
11 imposed on the sale of little cigars, 50% shall be paid into
12 the Long-Term Care Provider Fund and 50% shall be paid into the
13 Healthcare Provider Relief Fund. Beginning July 1, 2013, all
14 moneys received by the Department under this Act from the tax
15 imposed on little cigars shall be distributed as provided in
16 Section 2 of the Cigarette Tax Act.

17 (Source: P.A. 101-31, eff. 6-28-19.)

18 (35 ILCS 143/10-30)

19 Sec. 10-30. Returns.

20 (a) Every distributor shall, on or before the 15th day of
21 each month, file a return with the Department covering the
22 preceding calendar month. The return shall disclose the
23 wholesale price for all tobacco products other than moist snuff
24 and the quantity in ounces of moist snuff sold or otherwise
25 disposed of and other information that the Department may

1 reasonably require. The return shall be filed upon a form
2 prescribed and furnished by the Department.

3 (b) In addition to the information required under
4 subsection (a), on or before the 15th day of each month,
5 covering the preceding calendar month, each stamping
6 distributor shall, on forms prescribed and furnished by the
7 Department, report the quantity of little cigars sold or
8 otherwise disposed of, including the number of packages of
9 little cigars sold or disposed of during the month containing
10 20 or 25 little cigars.

11 (c) At the time when any return of any distributor is due
12 to be filed with the Department, the distributor shall also
13 remit to the Department the tax liability that the distributor
14 has incurred for transactions occurring in the preceding
15 calendar month, less the discount allowed.

16 (d) The Department may adopt rules to require the
17 electronic filing of any return or document required to be
18 filed under this Act. Those rules may provide for exceptions
19 from the filing requirement set forth in this paragraph for
20 persons who demonstrate that they do not have access to the
21 Internet and petition the Department to waive the electronic
22 filing requirement.

23 (e) If any payment provided for in this Section exceeds the
24 distributor's liabilities under this Act, as shown on an
25 original return, the distributor may credit such excess payment
26 against liability subsequently to be remitted to the Department

1 under this Act, in accordance with reasonable rules adopted by
2 the Department.

3 (f) The distributor required to pay the tax under Section
4 10-10 shall be entitled to a discount to reimburse the
5 distributor for the expenses incurred in keeping and
6 maintaining records, preparing and filing the returns,
7 remitting the tax, and supplying the data to the Department
8 upon request. The discount shall be 2% of the distributor's tax
9 liability under this Act, but not to exceed \$2,000 per return.

10 (Source: P.A. 100-1171, eff. 1-4-19.)