

HB2443



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB2443

Introduced 2/19/2021, by Rep. C.D. Davidsmeyer

SYNOPSIS AS INTRODUCED:

35 ILCS 505/1.30 new
35 ILCS 505/2

from Ch. 120, par. 418

Amends the Motor Fuel Tax Law. Provides that, on and after July 1, 2021, marine fuel is exempt from the tax imposed under the Act. Provides that "marine fuel" means motor fuel specially formulated to be used in the propulsion of watercraft. Effective immediately.

LRB102 12879 HLH 18222 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 Motor Fuel Tax Law is amended by changing
5 Section 2 and by adding Section 1.30 as follows:

6 (35 ILCS 505/1.30 new)

7 Sec. 1.30. Marine fuel. "Marine fuel" means motor fuel
8 specially formulated to be used in the propulsion of
9 watercraft.

10 (35 ILCS 505/2) (from Ch. 120, par. 418)

11 Sec. 2. A tax is imposed on the privilege of operating
12 motor vehicles upon the public highways and recreational-type
13 watercraft upon the waters of this State.

14 (a) Prior to August 1, 1989, the tax is imposed at the rate
15 of 13 cents per gallon on all motor fuel used in motor vehicles
16 operating on the public highways and recreational type
17 watercraft operating upon the waters of this State. Beginning
18 on August 1, 1989 and until January 1, 1990, the rate of the
19 tax imposed in this paragraph shall be 16 cents per gallon.
20 Beginning January 1, 1990 and until July 1, 2019, the rate of
21 tax imposed in this paragraph, including the tax on compressed
22 natural gas, shall be 19 cents per gallon. Beginning July 1,

1 2019, the rate of tax imposed in this paragraph shall be 38
2 cents per gallon and increased on July 1 of each subsequent
3 year by an amount equal to the percentage increase, if any, in
4 the Consumer Price Index for All Urban Consumers for all items
5 published by the United States Department of Labor for the 12
6 months ending in March of each year. The rate shall be rounded
7 to the nearest one-tenth of one cent.

8 (b) Until July 1, 2019, the tax on the privilege of
9 operating motor vehicles which use diesel fuel, liquefied
10 natural gas, or propane shall be the rate according to
11 paragraph (a) plus an additional 2 1/2 cents per gallon.
12 Beginning July 1, 2019, the tax on the privilege of operating
13 motor vehicles which use diesel fuel, liquefied natural gas,
14 or propane shall be the rate according to subsection (a) plus
15 an additional 7.5 cents per gallon. "Diesel fuel" is defined
16 as any product intended for use or offered for sale as a fuel
17 for engines in which the fuel is injected into the combustion
18 chamber and ignited by pressure without electric spark.

19 (c) A tax is imposed upon the privilege of engaging in the
20 business of selling motor fuel as a retailer or reseller on all
21 motor fuel used in motor vehicles operating on the public
22 highways and recreational type watercraft operating upon the
23 waters of this State: (1) at the rate of 3 cents per gallon on
24 motor fuel owned or possessed by such retailer or reseller at
25 12:01 a.m. on August 1, 1989; and (2) at the rate of 3 cents
26 per gallon on motor fuel owned or possessed by such retailer or

1 reseller at 12:01 A.M. on January 1, 1990.

2 Retailers and resellers who are subject to this additional
3 tax shall be required to inventory such motor fuel and pay this
4 additional tax in a manner prescribed by the Department of
5 Revenue.

6 The tax imposed in this paragraph (c) shall be in addition
7 to all other taxes imposed by the State of Illinois or any unit
8 of local government in this State.

9 (d) Except as provided in Section 2a, the collection of a
10 tax based on gallonage of gasoline used for the propulsion of
11 any aircraft is prohibited on and after October 1, 1979, and
12 the collection of a tax based on gallonage of special fuel used
13 for the propulsion of any aircraft is prohibited on and after
14 December 1, 2019.

15 (d-5) On and after July 1, 2021, marine fuel, as defined in
16 Section 1.30, is exempt from the tax imposed under this Act.

17 (e) The collection of a tax, based on gallonage of all
18 products commonly or commercially known or sold as 1-K
19 kerosene, regardless of its classification or uses, is
20 prohibited (i) on and after July 1, 1992 until December 31,
21 1999, except when the 1-K kerosene is either: (1) delivered
22 into bulk storage facilities of a bulk user, or (2) delivered
23 directly into the fuel supply tanks of motor vehicles and (ii)
24 on and after January 1, 2000. Beginning on January 1, 2000, the
25 collection of a tax, based on gallonage of all products
26 commonly or commercially known or sold as 1-K kerosene,

1 regardless of its classification or uses, is prohibited except
2 when the 1-K kerosene is delivered directly into a storage
3 tank that is located at a facility that has withdrawal
4 facilities that are readily accessible to and are capable of
5 dispensing 1-K kerosene into the fuel supply tanks of motor
6 vehicles. For purposes of this subsection (e), a facility is
7 considered to have withdrawal facilities that are not "readily
8 accessible to and capable of dispensing 1-K kerosene into the
9 fuel supply tanks of motor vehicles" only if the 1-K kerosene
10 is delivered from: (i) a dispenser hose that is short enough so
11 that it will not reach the fuel supply tank of a motor vehicle
12 or (ii) a dispenser that is enclosed by a fence or other
13 physical barrier so that a vehicle cannot pull alongside the
14 dispenser to permit fueling.

15 Any person who sells or uses 1-K kerosene for use in motor
16 vehicles upon which the tax imposed by this Law has not been
17 paid shall be liable for any tax due on the sales or use of 1-K
18 kerosene.

19 (Source: P.A. 100-9, eff. 7-1-17; 101-10, eff. 6-5-19; 101-32,
20 eff. 6-28-19; 101-604, eff. 12-13-19.)

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.