

1 AMENDMENT TO SENATE BILL 227

2 AMENDMENT NO. _____. Amend Senate Bill 227 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Cigarette Tax Act is amended by adding
5 Section 3-2 as follows:

6 (35 ILCS 130/3-2 new)

7 Sec. 3-2. Credit voucher for bad debts.

8 (a) Definitions. As used in this Section:

9 "Bad debt" means the taxes attributable to any portion of
10 a debt that is related to a sale of cigarettes subject to tax
11 under Section 2 that is not otherwise deductible or
12 excludable for any tax purpose, that has become worthless or
13 uncollectible within 60 days after the delivery of the
14 cigarettes that are represented by a claim. "Bad debt" does
15 not include any interest on the wholesale price of a
16 cigarette, uncollectible amounts on property that remains in
17 the possession of the distributor until the full purchase
18 price is paid, expenses incurred in attempting to collect any
19 account receivable or any portion of the debt recovered, any
20 accounts receivable that have been sold to a third party for
21 collection, or repossessed property.

22 "Reasonable collection practices" means that at least 3

1 attempts are made to collect the debt within 60 days after
2 the delivery of the cigarettes by providing written notices
3 with one being mailed within 30 days after the delivery and
4 another being mailed within 45 days after delivery, which
5 shall be mailed by certified mail.

6 "Written notice" means notice in writing from the
7 distributor to the retailer which shall include a statement
8 that a portion of the collection is for that amount of taxes
9 charged by the State and represented by the stamp.

10 "Person" means an actual person and any successor or
11 related party.

12 (b) The Department is authorized to issue credit vouchers
13 for bad debts to applicants meeting the requirements of this
14 Section. Beginning on January 1, 2004, a distributor may
15 submit an application to the Department for a credit voucher
16 in the amount of bad debts from the tax imposed under Section
17 2. The amount of the requested credit must be charged off as
18 uncollectible within 3 years after the stamps were first sold
19 to the distributor. Any claim for a credit voucher in the
20 amount of bad debts from the tax imposed under Section 2 is
21 subject to this statute of limitations and shall not be
22 allowed after 3 years after the stamp is first sold to the
23 distributor.

24 (c) The amount of the credit voucher shall be determined
25 using the following as guidelines:

26 (1) What is the amount of the taxes owed to the
27 distributor?

28 (2) Who owed the amount to the distributor?

29 (3) Is the amount owed greater than \$50?

30 (4) Has the distributor received a credit in any
31 other years as a result of a bad debt from this person?
32 If yes, the distributor is not eligible for the voucher
33 provided under this Section.

34 (5) Is the claim for a credit voucher made within 30

1 days after the determination that the debt is a bad debt
2 as defined by this Section?

3 (d) A credit voucher issued under this Section shall have
4 an expiration date of not less than 45 days after issuance.

5 (e) A claim for a credit voucher must be made within 30
6 days after the determination that the debt is a bad debt as
7 defined by this Section.

8 (f) Any claim for a bad debt submitted under this Section
9 must contain all of the following:

10 (1) A copy of the original invoice that must contain
11 the distributor's legal name and address, as well as the
12 legal name of the retailer.

13 (2) The name of the person who is responsible for
14 the bad debt.

15 (3) Evidence that the cigarettes described in the
16 invoice and containing stamps were received by the person
17 who is responsible for the bad debt.

18 (4) Evidence that the person who is responsible for
19 the bad debt did not pay the distributor for the bad
20 debt.

21 (5) Evidence that the distributor used reasonable
22 collection practices in efforts to collect the bad debt.

23 (6) Evidence that the claim for a credit voucher is
24 made within 30 days after the determination that the debt
25 is a bad debt as defined by this Section.

26 (g) Recapture.

27 (1) A bad debt is reduced by any amounts collected
28 by the distributor from the retailer within the 60-day
29 period with respect to such debt, regardless of whether
30 the amounts so collected are attributable to or
31 designated by the parties or other law as collected with
32 respect to the taxes imposed under Section 2.

33 (2) Any amount subsequently collected by the
34 distributor from the retailer with respect to a debt that

1 gave rise to a credit voucher, regardless of any
2 designation of the parties or other law, shall be treated
3 as reimbursement for the taxes imposed under Section 2.

4 (3) In the case of a partially worthless debt, the
5 amount of the debt attributable to taxes imposed under
6 Section 2 shall be treated to the extent possible, as
7 attributable to the non-worthless portion of such debt.

8 (h) Any person aggrieved by any action of the Department
9 under this Section may protest the action by making a written
10 request for a hearing within 60 days after the original
11 action. If the hearing is not requested in writing within 60
12 days, the original action is final.

13 (i) An application for a credit voucher under this
14 Section must be signed by the claimant and verified.

15 Section 10. The Cigarette Use Tax Act is amended by
16 adding Section 3-2 as follows:

17 (35 ILCS 135/3-2 new)

18 Sec. 3-2. Credit voucher for bad debts.

19 (a) Definitions. As used in this Section:

20 "Bad debt" means the taxes attributable to any portion of
21 a debt that is related to a sale of cigarettes subject to tax
22 under Section 2 that is not otherwise deductible or
23 excludable for any tax purpose, that has become worthless or
24 uncollectible within 60 days after the delivery of the
25 cigarettes that are represented by a claim. "Bad debt" does
26 not include any interest on the wholesale price of a
27 cigarette, uncollectible amounts on property that remains in
28 the possession of the distributor until the full purchase
29 price is paid, expenses incurred in attempting to collect any
30 account receivable or any portion of the debt recovered, any
31 accounts receivable that have been sold to a third party for
32 collection, or repossessed property.

1 "Reasonable collection practices" means that at least 3
2 attempts are made to collect the debt within 60 days after
3 the delivery of the cigarettes by providing written notices
4 with one being mailed within 30 days after the delivery and
5 another being mailed within 45 days after delivery, which
6 shall be mailed by certified mail.

7 "Written notice" means notice in writing from the
8 distributor to the retailer which shall include a statement
9 that a portion of the collection is for that amount of taxes
10 charged by the State and represented by the stamp.

11 "Person" means an actual person and any successor or
12 related party.

13 (b) The Department is authorized to issue credit vouchers
14 for bad debts to applicants meeting the requirements of this
15 Section. Beginning on January 1, 2004, a distributor may
16 submit an application to the Department for a credit voucher
17 in the amount of bad debts from the tax imposed under Section
18 2. The amount of the requested credit must be charged off as
19 uncollectible within 3 years after the stamps were first sold
20 to the distributor. Any claim for a credit voucher in the
21 amount of bad debts from the tax imposed under Section 2 is
22 subject to this statute of limitations and shall not be
23 allowed after 3 years after the stamp is first sold to the
24 distributor.

25 (c) The amount of the credit voucher shall be determined
26 using the following as guidelines:

27 (1) What is the amount of the taxes owed to the
28 distributor?

29 (2) Who owed the amount to the distributor?

30 (3) Is the amount owed greater than \$50?

31 (4) Has the distributor received a credit in any
32 other years as a result of a bad debt from this person?
33 If yes, the distributor is not eligible for the voucher
34 provided under this Section.

1 (5) Is the claim for a credit voucher made within 30
2 days after the determination that the debt is a bad debt
3 as defined by this Section?

4 (d) A credit voucher issued under this Section shall have
5 an expiration date of not less than 45 days after issuance.

6 (e) A claim for a credit voucher must be made within 30
7 days after the determination that the debt is a bad debt as
8 defined by this Section.

9 (f) Any claim for a bad debt submitted under this Section
10 must contain all of the following:

11 (1) A copy of the original invoice that must contain
12 the distributor's legal name and address, as well as the
13 legal name of the retailer.

14 (2) The name of the person who is responsible for
15 the bad debt.

16 (3) Evidence that the cigarettes described in the
17 invoice and containing stamps were received by the person
18 who is responsible for the bad debt.

19 (4) Evidence that the person who is responsible for
20 the bad debt did not pay the distributor for the bad
21 debt.

22 (5) Evidence that the distributor used reasonable
23 collection practices in efforts to collect the bad debt.

24 (6) Evidence that the claim for a credit voucher is
25 made within 30 days after the determination that the debt
26 is a bad debt as defined by this Section.

27 (g) Recapture.

28 (1) A bad debt is reduced by any amounts collected
29 by the distributor from the retailer within the 60-day
30 period with respect to such debt, regardless of whether
31 the amounts so collected are attributable to or
32 designated by the parties or other law as collected with
33 respect to the taxes imposed under Section 2.

34 (2) Any amount subsequently collected by the

1 distributor from the retailer with respect to a debt that
2 gave rise to a credit voucher, regardless of any
3 designation of the parties or other law, shall be treated
4 as reimbursement for the taxes imposed under Section 2.

5 (3) In the case of a partially worthless debt, the
6 amount of the debt attributable to taxes imposed under
7 Section 2 shall be treated to the extent possible, as
8 attributable to the non-worthless portion of such debt.

9 (h) Any person aggrieved by any action of the Department
10 under this Section may protest the action by making a written
11 request for a hearing within 60 days after the original
12 action. If the hearing is not requested in writing within 60
13 days, the original action is final.

14 (i) An application for a credit voucher under this
15 Section must be signed by the claimant and verified.

16 Section 15. The Tobacco Products Tax Act of 1995 is
17 amended by adding Section 10-32 as follows:

18 (35 ILCS 143/10-32 new)

19 Sec. 3-2. Credit voucher for bad debts.

20 (a) Definitions. As used in this Section:

21 "Bad debt" means the taxes attributable to any portion of
22 a debt that is related to a sale of cigarettes subject to tax
23 under Section 10-10 that is not otherwise deductible or
24 excludable for any tax purpose, that has become worthless or
25 uncollectible within 60 days after the delivery of the
26 cigarettes that are represented by a claim. "Bad debt" does
27 not include any interest on the wholesale price of a
28 cigarette, uncollectible amounts on property that remains in
29 the possession of the distributor until the full purchase
30 price is paid, expenses incurred in attempting to collect any
31 account receivable or any portion of the debt recovered, any
32 accounts receivable that have been sold to a third party for

1 collection, or repossessed property.

2 "Reasonable collection practices" means that at least 3
3 attempts are made to collect the debt within 60 days after
4 the delivery of the cigarettes by providing written notices
5 with one being mailed within 30 days after the delivery and
6 another being mailed within 45 days after delivery, which
7 shall be mailed by certified mail.

8 "Written notice" means notice in writing from the
9 distributor to the retailer which shall include a statement
10 that a portion of the collection is for that amount of taxes
11 charged by the State and represented by the stamp.

12 "Person" means an actual person and any successor or
13 related party.

14 (b) The Department is authorized to issue credit vouchers
15 for bad debts to applicants meeting the requirements of this
16 Section. Beginning on January 1, 2004, a distributor may
17 submit an application to the Department for a credit voucher
18 in the amount of bad debts from the tax imposed under Section
19 10-10. The amount of the requested credit must be charged off
20 as uncollectible within 3 years after the stamps were first
21 sold to the distributor. Any claim for a credit voucher in
22 the amount of bad debts from the tax imposed under Section
23 10-10 is subject to this statute of limitations and shall not
24 be allowed after 3 years after the stamp is first sold to the
25 distributor.

26 (c) The amount of the credit voucher shall be determined
27 using the following as guidelines:

28 (1) What is the amount of the taxes owed to the
29 distributor?

30 (2) Who owed the amount to the distributor?

31 (3) Is the amount owed greater than \$50?

32 (4) Has the distributor received a credit in any
33 other years as a result of a bad debt from this person?

34 If yes, the distributor is not eligible for the voucher

1 provided under this Section.

2 (5) Is the claim for a credit voucher made within 30
3 days after the determination that the debt is a bad debt
4 as defined by this Section?

5 (d) A credit voucher issued under this Section shall have
6 an expiration date of not less than 45 days after issuance.

7 (e) A claim for a credit voucher must be made within 30
8 days after the determination that the debt is a bad debt as
9 defined by this Section.

10 (f) Any claim for a bad debt submitted under this Section
11 must contain all of the following:

12 (1) A copy of the original invoice that must contain
13 the distributor's legal name and address, as well as the
14 legal name of the retailer.

15 (2) The name of the person who is responsible for
16 the bad debt.

17 (3) Evidence that the cigarettes described in the
18 invoice and containing stamps were received by the person
19 who is responsible for the bad debt.

20 (4) Evidence that the person who is responsible for
21 the bad debt did not pay the distributor for the bad
22 debt.

23 (5) Evidence that the distributor used reasonable
24 collection practices in efforts to collect the bad debt.

25 (6) Evidence that the claim for a credit voucher is
26 made within 30 days after the determination that the debt
27 is a bad debt as defined by this Section.

28 (g) Recapture.

29 (1) A bad debt is reduced by any amounts collected
30 by the distributor from the retailer within the 60-day
31 period with respect to such debt, regardless of whether
32 the amounts so collected are attributable to or
33 designated by the parties or other law as collected with
34 respect to the taxes imposed under Section 10-10.

1 (2) Any amount subsequently collected by the
2 distributor from the retailer with respect to a debt that
3 gave rise to a credit voucher, regardless of any
4 designation of the parties or other law, shall be treated
5 as reimbursement for the taxes imposed under Section
6 10-10.

7 (3) In the case of a partially worthless debt, the
8 amount of the debt attributable to taxes imposed under
9 Section 10-10 shall be treated to the extent possible, as
10 attributable to the non-worthless portion of such debt.

11 (h) Any person aggrieved by any action of the Department
12 under this Section may protest the action by making a written
13 request for a hearing within 60 days after the original
14 action. If the hearing is not requested in writing within 60
15 days, the original action is final.

16 (i) An application for a credit voucher under this
17 Section must be signed by the claimant and verified.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.".