

1 AN ACT in relation to taxes.

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

4 Section 5. The Telecommunications Excise Tax Act is  
5 amended by changing Section 2 as follows:

6 (35 ILCS 630/2) (from Ch. 120, par. 2002)

7 (Text of Section before amendment by P.A. 92-878)

8 Sec. 2. As used in this Article, unless the context  
9 clearly requires otherwise:

10 (a) "Gross charge" means the amount paid for the act or  
11 privilege of originating or receiving telecommunications in  
12 this State and for all services and equipment provided in  
13 connection therewith by a retailer, valued in money whether  
14 paid in money or otherwise, including cash, credits, services  
15 and property of every kind or nature, and shall be determined  
16 without any deduction on account of the cost of such  
17 telecommunications, the cost of materials used, labor or  
18 service costs or any other expense whatsoever. In case  
19 credit is extended, the amount thereof shall be included only  
20 as and when paid. "Gross charges" for private line service  
21 shall include charges imposed at each channel point within  
22 this State, charges for the channel mileage between each  
23 channel point within this State, and charges for that portion  
24 of the interstate inter-office channel provided within  
25 Illinois. However, "gross charges" shall not include:

26 (1) any amounts added to a purchaser's bill because  
27 of a charge made pursuant to (i) the tax imposed by this  
28 Article; (ii) charges added to customers' bills pursuant  
29 to the provisions of Sections 9-221 or 9-222 of the  
30 Public Utilities Act, as amended, or any similar charges  
31 added to customers' bills by retailers who are not

1 subject to rate regulation by the Illinois Commerce  
2 Commission for the purpose of recovering any of the tax  
3 liabilities or other amounts specified in such provisions  
4 of such Act; (iii) the tax imposed by Section 4251 of the  
5 Internal Revenue Code; (iv) 911 surcharges; or (v) the  
6 tax imposed by the Simplified Municipal  
7 Telecommunications Tax Act;

8 (2) charges for a sent collect telecommunication  
9 received outside of the State;

10 (3) charges for leased time on equipment or charges  
11 for the storage of data or information for subsequent  
12 retrieval or the processing of data or information  
13 intended to change its form or content. Such equipment  
14 includes, but is not limited to, the use of calculators,  
15 computers, data processing equipment, tabulating  
16 equipment or accounting equipment and also includes the  
17 usage of computers under a time-sharing agreement;

18 (4) charges for customer equipment, including such  
19 equipment that is leased or rented by the customer from  
20 any source, wherein such charges are disaggregated and  
21 separately identified from other charges;

22 (5) charges to business enterprises certified under  
23 Section 9-222.1 of the Public Utilities Act, as amended,  
24 to the extent of such exemption and during the period of  
25 time specified by the Department of Commerce and  
26 Community Affairs;

27 (6) charges for telecommunications and all services  
28 and equipment provided in connection therewith between a  
29 parent corporation and its wholly owned subsidiaries or  
30 between wholly owned subsidiaries when the tax imposed  
31 under this Article has already been paid to a retailer  
32 and only to the extent that the charges between the  
33 parent corporation and wholly owned subsidiaries or  
34 between wholly owned subsidiaries represent expense

1 allocation between the corporations and not the  
2 generation of profit for the corporation rendering such  
3 service;

4 (7) bad debts. Bad debt means any portion of a debt  
5 that is related to a sale at retail for which gross  
6 charges are not otherwise deductible or excludable that  
7 has become worthless or uncollectable, as determined  
8 under applicable federal income tax standards. If the  
9 portion of the debt deemed to be bad is subsequently  
10 paid, the retailer shall report and pay the tax on that  
11 portion during the reporting period in which the payment  
12 is made;

13 (8) charges paid by inserting coins in  
14 coin-operated telecommunication devices;

15 (9) amounts paid by telecommunications retailers  
16 under the Telecommunications Municipal Infrastructure  
17 Maintenance Fee Act.

18 (b) "Amount paid" means the amount charged to the  
19 taxpayer's service address in this State regardless of where  
20 such amount is billed or paid.

21 (c) "Telecommunications", in addition to the meaning  
22 ordinarily and popularly ascribed to it, includes, without  
23 limitation, messages or information transmitted through use  
24 of local, toll and wide area telephone service; private line  
25 services; channel services; telegraph services;  
26 teletypewriter; computer exchange services; cellular mobile  
27 telecommunications service; specialized mobile radio;  
28 stationary two way radio; paging service; or any other form  
29 of mobile and portable one-way or two-way communications; or  
30 any other transmission of messages or information by  
31 electronic or similar means, between or among points by wire,  
32 cable, fiber-optics, laser, microwave, radio, satellite or  
33 similar facilities. As used in this Act, "private line"  
34 means a dedicated non-traffic sensitive service for a single

1 customer, that entitles the customer to exclusive or priority  
2 use of a communications channel or group of channels, from  
3 one or more specified locations to one or more other  
4 specified locations. The definition of "telecommunications"  
5 shall not include value added services in which computer  
6 processing applications are used to act on the form, content,  
7 code and protocol of the information for purposes other than  
8 transmission. "Telecommunications" shall not include  
9 purchases of telecommunications by a telecommunications  
10 service provider for use as a component part of the service  
11 provided by him to the ultimate retail consumer who  
12 originates or terminates the taxable end-to-end  
13 communications. Carrier access charges, right of access  
14 charges, charges for use of inter-company facilities, and all  
15 telecommunications resold in the subsequent provision of,  
16 used as a component of, or integrated into end-to-end  
17 telecommunications service shall be non-taxable as sales for  
18 resale.

19 (d) "Interstate telecommunications" means all  
20 telecommunications that either originate or terminate outside  
21 this State.

22 (e) "Intrastate telecommunications" means all  
23 telecommunications that originate and terminate within this  
24 State.

25 (f) "Department" means the Department of Revenue of the  
26 State of Illinois.

27 (g) "Director" means the Director of Revenue for the  
28 Department of Revenue of the State of Illinois.

29 (h) "Taxpayer" means a person who individually or  
30 through his agents, employees or permittees engages in the  
31 act or privilege of originating or receiving  
32 telecommunications in this State and who incurs a tax  
33 liability under this Article.

34 (i) "Person" means any natural individual, firm, trust,

1 estate, partnership, association, joint stock company, joint  
2 venture, corporation, limited liability company, or a  
3 receiver, trustee, guardian or other representative appointed  
4 by order of any court, the Federal and State governments,  
5 including State universities created by statute or any city,  
6 town, county or other political subdivision of this State.

7 (j) "Purchase at retail" means the acquisition,  
8 consumption or use of telecommunication through a sale at  
9 retail.

10 (k) "Sale at retail" means the transmitting, supplying  
11 or furnishing of telecommunications and all services and  
12 equipment provided in connection therewith for a  
13 consideration to persons other than the Federal and State  
14 governments, and State universities created by statute and  
15 other than between a parent corporation and its wholly owned  
16 subsidiaries or between wholly owned subsidiaries for their  
17 use or consumption and not for resale.

18 (l) "Retailer" means and includes every person engaged  
19 in the business of making sales at retail as defined in this  
20 Article. The Department may, in its discretion, upon  
21 application, authorize the collection of the tax hereby  
22 imposed by any retailer not maintaining a place of business  
23 within this State, who, to the satisfaction of the  
24 Department, furnishes adequate security to insure collection  
25 and payment of the tax. Such retailer shall be issued,  
26 without charge, a permit to collect such tax. When so  
27 authorized, it shall be the duty of such retailer to collect  
28 the tax upon all of the gross charges for telecommunications  
29 in this State in the same manner and subject to the same  
30 requirements as a retailer maintaining a place of business  
31 within this State. The permit may be revoked by the  
32 Department at its discretion.

33 (m) "Retailer maintaining a place of business in this  
34 State", or any like term, means and includes any retailer

1 having or maintaining within this State, directly or by a  
2 subsidiary, an office, distribution facilities, transmission  
3 facilities, sales office, warehouse or other place of  
4 business, or any agent or other representative operating  
5 within this State under the authority of the retailer or its  
6 subsidiary, irrespective of whether such place of business or  
7 agent or other representative is located here permanently or  
8 temporarily, or whether such retailer or subsidiary is  
9 licensed to do business in this State.

10 (n) "Service address" means the location of  
11 telecommunications equipment from which the  
12 telecommunications services are originated or at which  
13 telecommunications services are received by a taxpayer. In  
14 the event this may not be a defined location, as in the case  
15 of mobile phones, paging systems, maritime systems, service  
16 address means the customer's place of primary use as defined  
17 in the Mobile Telecommunications Sourcing Conformity Act.  
18 For air-to-ground systems and the like, service address shall  
19 mean the location of a taxpayer's primary use of the  
20 telecommunications equipment as defined by telephone number,  
21 authorization code, or location in Illinois where bills are  
22 sent.

23 (o) "Prepaid telephone calling arrangements" mean the  
24 right to exclusively purchase telephone or telecommunications  
25 services that must be paid for in advance and enable the  
26 origination of one or more intrastate, interstate, or  
27 international telephone calls or other telecommunications  
28 using an access number, an authorization code, or both,  
29 whether manually or electronically dialed, for which payment  
30 to a retailer must be made in advance, provided that, unless  
31 recharged, no further service is provided once that prepaid  
32 amount of service has been consumed. Prepaid telephone  
33 calling arrangements include the recharge of a prepaid  
34 calling arrangement. For purposes of this subsection,

1 "recharge" means the purchase of additional prepaid telephone  
2 or telecommunications services whether or not the purchaser  
3 acquires a different access number or authorization code.

4 "Prepaid telephone calling arrangement" does not include an  
5 arrangement whereby a customer purchases a payment card and  
6 pursuant to which the service provider reflects the amount of  
7 such purchase as a credit on an invoice issued to that  
8 customer under an existing subscription plan.

9 (Source: P.A. 91-870, eff. 6-22-00; 92-474, eff. 8-1-02;  
10 92-526, eff. 1-1-03.)

11 (Text of Section after amendment by P.A. 92-878)

12 Sec. 2. As used in this Article, unless the context  
13 clearly requires otherwise:

14 (a) "Gross charge" means the amount paid for the act or  
15 privilege of originating or receiving telecommunications in  
16 this State and for all services and equipment provided in  
17 connection therewith by a retailer, valued in money whether  
18 paid in money or otherwise, including cash, credits, services  
19 and property of every kind or nature, and shall be determined  
20 without any deduction on account of the cost of such  
21 telecommunications, the cost of materials used, labor or  
22 service costs or any other expense whatsoever. In case  
23 credit is extended, the amount thereof shall be included only  
24 as and when paid. "Gross charges" for private line service  
25 shall include charges imposed at each channel termination  
26 point within this State, charges for the channel mileage  
27 between each channel termination point within this State, and  
28 charges for that portion of the interstate inter-office  
29 channel provided within Illinois. Charges for that portion of  
30 the interstate inter-office channel provided in Illinois  
31 shall be determined by the retailer as follows: (i) for  
32 interstate inter-office channels having 2 channel termination  
33 points, only one of which is in Illinois, 50% of the total  
34 charge imposed; or (ii) for interstate inter-office channels

1 having more than 2 channel termination points, one or more of  
2 which are in Illinois, an amount equal to the total charge  
3 multiplied by a fraction, the numerator of which is the  
4 number of channel termination points within Illinois and the  
5 denominator of which is the total number of channel  
6 termination points; ~~or (iii) any other method that reasonably~~  
7 ~~apportions the total charges for interstate inter-office~~  
8 ~~channels among the states in which channel termination points~~  
9 ~~are located.~~ Prior to January 1, 2004 ~~June 17, 2003~~, any  
10 ~~apportionment~~ method consistent with this paragraph or other  
11 method that reasonably apportions the total charges for  
12 interstate inter-office channels among the states in which  
13 channel termination points are located shall be accepted as a  
14 reasonable method to determine the charges for that portion  
15 of the interstate inter-office channel provided within  
16 Illinois for that period. However, "gross charges" shall not  
17 include any of the following:

18 (1) Any amounts added to a purchaser's bill because  
19 of a charge made pursuant to (i) the tax imposed by this  
20 Article; (ii) charges added to customers' bills pursuant  
21 to the provisions of Sections 9-221 or 9-222 of the  
22 Public Utilities Act, as amended, or any similar charges  
23 added to customers' bills by retailers who are not  
24 subject to rate regulation by the Illinois Commerce  
25 Commission for the purpose of recovering any of the tax  
26 liabilities or other amounts specified in such provisions  
27 of such Act; (iii) the tax imposed by Section 4251 of the  
28 Internal Revenue Code; (iv) 911 surcharges; or (v) the  
29 tax imposed by the Simplified Municipal  
30 Telecommunications Tax Act.

31 (2) Charges for a sent collect telecommunication  
32 received outside of the State.

33 (3) Charges for leased time on equipment or charges  
34 for the storage of data or information for subsequent



1 retrieval or the processing of data or information  
2 intended to change its form or content. Such equipment  
3 includes, but is not limited to, the use of calculators,  
4 computers, data processing equipment, tabulating  
5 equipment or accounting equipment and also includes the  
6 usage of computers under a time-sharing agreement.

7 (4) Charges for customer equipment, including such  
8 equipment that is leased or rented by the customer from  
9 any source, wherein such charges are disaggregated and  
10 separately identified from other charges.

11 (5) Charges to business enterprises certified under  
12 Section 9-222.1 of the Public Utilities Act, as amended,  
13 to the extent of such exemption and during the period of  
14 time specified by the Department of Commerce and  
15 Community Affairs.

16 (6) Charges for telecommunications and all services  
17 and equipment provided in connection therewith between a  
18 parent corporation and its wholly owned subsidiaries or  
19 between wholly owned subsidiaries when the tax imposed  
20 under this Article has already been paid to a retailer  
21 and only to the extent that the charges between the  
22 parent corporation and wholly owned subsidiaries or  
23 between wholly owned subsidiaries represent expense  
24 allocation between the corporations and not the  
25 generation of profit for the corporation rendering such  
26 service.

27 (7) Bad debts. Bad debt means any portion of a debt  
28 that is related to a sale at retail for which gross  
29 charges are not otherwise deductible or excludable that  
30 has become worthless or uncollectable, as determined  
31 under applicable federal income tax standards. If the  
32 portion of the debt deemed to be bad is subsequently  
33 paid, the retailer shall report and pay the tax on that  
34 portion during the reporting period in which the payment

1 is made.

2 (8) Charges paid by inserting coins in  
3 coin-operated telecommunication devices.

4 (9) Amounts paid by telecommunications retailers  
5 under the Telecommunications Municipal Infrastructure  
6 Maintenance Fee Act.

7 (10) Charges for nontaxable services or  
8 telecommunications if (i) those charges are aggregated  
9 with other charges for telecommunications that are  
10 taxable, (ii) those charges are not separately stated on  
11 the customer bill or invoice, and (iii) the retailer can  
12 reasonably identify the nontaxable charges on the  
13 retailer's books and records kept in the regular course  
14 of business. If the nontaxable charges cannot reasonably  
15 be identified, the gross charge from the sale of both  
16 taxable and nontaxable services or telecommunications  
17 billed on a combined basis shall be attributed to the  
18 taxable services or telecommunications. The burden of  
19 proving nontaxable charges shall be on the retailer of  
20 the telecommunications.

21 (b) "Amount paid" means the amount charged to the  
22 taxpayer's service address in this State regardless of where  
23 such amount is billed or paid.

24 (c) "Telecommunications", in addition to the meaning  
25 ordinarily and popularly ascribed to it, includes, without  
26 limitation, messages or information transmitted through use  
27 of local, toll and wide area telephone service; private line  
28 services; channel services; telegraph services;  
29 teletypewriter; computer exchange services; cellular mobile  
30 telecommunications service; specialized mobile radio;  
31 stationary two way radio; paging service; or any other form  
32 of mobile and portable one-way or two-way communications; or  
33 any other transmission of messages or information by  
34 electronic or similar means, between or among points by wire,

1 cable, fiber-optics, laser, microwave, radio, satellite or  
2 similar facilities. As used in this Act, "private line"  
3 means a dedicated non-traffic sensitive service for a single  
4 customer, that entitles the customer to exclusive or priority  
5 use of a communications channel or group of channels, from  
6 one or more specified locations to one or more other  
7 specified locations. The definition of "telecommunications"  
8 shall not include value added services in which computer  
9 processing applications are used to act on the form, content,  
10 code and protocol of the information for purposes other than  
11 transmission. "Telecommunications" shall not include  
12 purchases of telecommunications by a telecommunications  
13 service provider for use as a component part of the service  
14 provided by him to the ultimate retail consumer who  
15 originates or terminates the taxable end-to-end  
16 communications. Carrier access charges, right of access  
17 charges, charges for use of inter-company facilities, and all  
18 telecommunications resold in the subsequent provision of,  
19 used as a component of, or integrated into end-to-end  
20 telecommunications service shall be non-taxable as sales for  
21 resale.

22 (d) "Interstate telecommunications" means all  
23 telecommunications that either originate or terminate outside  
24 this State.

25 (e) "Intrastate telecommunications" means all  
26 telecommunications that originate and terminate within this  
27 State.

28 (f) "Department" means the Department of Revenue of the  
29 State of Illinois.

30 (g) "Director" means the Director of Revenue for the  
31 Department of Revenue of the State of Illinois.

32 (h) "Taxpayer" means a person who individually or  
33 through his agents, employees or permittees engages in the  
34 act or privilege of originating or receiving

1 telecommunications in this State and who incurs a tax  
2 liability under this Article.

3 (i) "Person" means any natural individual, firm, trust,  
4 estate, partnership, association, joint stock company, joint  
5 venture, corporation, limited liability company, or a  
6 receiver, trustee, guardian or other representative appointed  
7 by order of any court, the Federal and State governments,  
8 including State universities created by statute or any city,  
9 town, county or other political subdivision of this State.

10 (j) "Purchase at retail" means the acquisition,  
11 consumption or use of telecommunication through a sale at  
12 retail.

13 (k) "Sale at retail" means the transmitting, supplying  
14 or furnishing of telecommunications and all services and  
15 equipment provided in connection therewith for a  
16 consideration to persons other than the Federal and State  
17 governments, and State universities created by statute and  
18 other than between a parent corporation and its wholly owned  
19 subsidiaries or between wholly owned subsidiaries for their  
20 use or consumption and not for resale.

21 (l) "Retailer" means and includes every person engaged  
22 in the business of making sales at retail as defined in this  
23 Article. The Department may, in its discretion, upon  
24 application, authorize the collection of the tax hereby  
25 imposed by any retailer not maintaining a place of business  
26 within this State, who, to the satisfaction of the  
27 Department, furnishes adequate security to insure collection  
28 and payment of the tax. Such retailer shall be issued,  
29 without charge, a permit to collect such tax. When so  
30 authorized, it shall be the duty of such retailer to collect  
31 the tax upon all of the gross charges for telecommunications  
32 in this State in the same manner and subject to the same  
33 requirements as a retailer maintaining a place of business  
34 within this State. The permit may be revoked by the

1 Department at its discretion.

2 (m) "Retailer maintaining a place of business in this  
3 State", or any like term, means and includes any retailer  
4 having or maintaining within this State, directly or by a  
5 subsidiary, an office, distribution facilities, transmission  
6 facilities, sales office, warehouse or other place of  
7 business, or any agent or other representative operating  
8 within this State under the authority of the retailer or its  
9 subsidiary, irrespective of whether such place of business or  
10 agent or other representative is located here permanently or  
11 temporarily, or whether such retailer or subsidiary is  
12 licensed to do business in this State.

13 (n) "Service address" means the location of  
14 telecommunications equipment from which the  
15 telecommunications services are originated or at which  
16 telecommunications services are received by a taxpayer. In  
17 the event this may not be a defined location, as in the case  
18 of mobile phones, paging systems, maritime systems, service  
19 address means the customer's place of primary use as defined  
20 in the Mobile Telecommunications Sourcing Conformity Act.  
21 For air-to-ground systems and the like, service address shall  
22 mean the location of a taxpayer's primary use of the  
23 telecommunications equipment as defined by telephone number,  
24 authorization code, or location in Illinois where bills are  
25 sent.

26 (o) "Prepaid telephone calling arrangements" mean the  
27 right to exclusively purchase telephone or telecommunications  
28 services that must be paid for in advance and enable the  
29 origination of one or more intrastate, interstate, or  
30 international telephone calls or other telecommunications  
31 using an access number, an authorization code, or both,  
32 whether manually or electronically dialed, for which payment  
33 to a retailer must be made in advance, provided that, unless  
34 recharged, no further service is provided once that prepaid

1 amount of service has been consumed. Prepaid telephone  
2 calling arrangements include the recharge of a prepaid  
3 calling arrangement. For purposes of this subsection,  
4 "recharge" means the purchase of additional prepaid telephone  
5 or telecommunications services whether or not the purchaser  
6 acquires a different access number or authorization code.  
7 "Prepaid telephone calling arrangement" does not include an  
8 arrangement whereby a customer purchases a payment card and  
9 pursuant to which the service provider reflects the amount of  
10 such purchase as a credit on an invoice issued to that  
11 customer under an existing subscription plan.

12 (Source: P.A. 91-870, eff. 6-22-00; 92-474, eff. 8-1-02;  
13 92-526, eff. 1-1-03; 92-878, eff. 1-1-04.)

14 Section 10. The Telecommunications Infrastructure  
15 Maintenance Fee Act is amended by changing Section 10 as  
16 follows:

17 (35 ILCS 635/10)

18 (Text of Section before amendment by P.A. 92-878)

19 Sec. 10. Definitions.

20 (a) "Gross charges" means the amount paid to a  
21 telecommunications retailer for the act or privilege of  
22 originating or receiving telecommunications in this State and  
23 for all services rendered in connection therewith, valued in  
24 money whether paid in money or otherwise, including cash,  
25 credits, services, and property of every kind or nature, and  
26 shall be determined without any deduction on account of the  
27 cost of such telecommunications, the cost of the materials  
28 used, labor or service costs, or any other expense  
29 whatsoever. In case credit is extended, the amount thereof  
30 shall be included only as and when paid. "Gross charges" for  
31 private line service shall include charges imposed at each  
32 channel point within this State, charges for the channel

1 mileage between each channel point within this State, and  
2 charges for that portion of the interstate inter-office  
3 channel provided within Illinois. However, "gross charges"  
4 shall not include:

5 (1) any amounts added to a purchaser's bill because  
6 of a charge made under: (i) the fee imposed by this  
7 Section, (ii) additional charges added to a purchaser's  
8 bill under Section 9-221 or 9-222 of the Public Utilities  
9 Act, (iii) the tax imposed by the Telecommunications  
10 Excise Tax Act, (iv) 911 surcharges, (v) the tax imposed  
11 by Section 4251 of the Internal Revenue Code, or (vi) the  
12 tax imposed by the Simplified Municipal  
13 Telecommunications Tax Act;

14 (2) charges for a sent collect telecommunication  
15 received outside of this State;

16 (3) charges for leased time on equipment or charges  
17 for the storage of data or information or subsequent  
18 retrieval or the processing of data or information  
19 intended to change its form or content. Such equipment  
20 includes, but is not limited to, the use of calculators,  
21 computers, data processing equipment, tabulating  
22 equipment, or accounting equipment and also includes the  
23 usage of computers under a time-sharing agreement;

24 (4) charges for customer equipment, including such  
25 equipment that is leased or rented by the customer from  
26 any source, wherein such charges are disaggregated and  
27 separately identified from other charges;

28 (5) charges to business enterprises certified under  
29 Section 9-222.1 of the Public Utilities Act to the extent  
30 of such exemption and during the period of time specified  
31 by the Department of Commerce and Community Affairs;

32 (6) charges for telecommunications and all services  
33 and equipment provided in connection therewith between a  
34 parent corporation and its wholly owned subsidiaries or

1 between wholly owned subsidiaries, and only to the extent  
2 that the charges between the parent corporation and  
3 wholly owned subsidiaries or between wholly owned  
4 subsidiaries represent expense allocation between the  
5 corporations and not the generation of profit other than  
6 a regulatory required profit for the corporation  
7 rendering such services;

8 (7) bad debts ("bad debt" means any portion of a  
9 debt that is related to a sale at retail for which gross  
10 charges are not otherwise deductible or excludable that  
11 has become worthless or uncollectible, as determined  
12 under applicable federal income tax standards; if the  
13 portion of the debt deemed to be bad is subsequently  
14 paid, the retailer shall report and pay the tax on that  
15 portion during the reporting period in which the payment  
16 is made); or

17 (8) charges paid by inserting coins in  
18 coin-operated telecommunication devices.

19 (a-5) "Department" means the Illinois Department of  
20 Revenue.

21 (b) "Telecommunications" includes, but is not limited  
22 to, messages or information transmitted through use of local,  
23 toll, and wide area telephone service, channel services,  
24 telegraph services, teletypewriter service, computer exchange  
25 services, private line services, specialized mobile radio  
26 services, or any other transmission of messages or  
27 information by electronic or similar means, between or among  
28 points by wire, cable, fiber optics, laser, microwave, radio,  
29 satellite, or similar facilities. Unless the context clearly  
30 requires otherwise, "telecommunications" shall also include  
31 wireless telecommunications as hereinafter defined.  
32 "Telecommunications" shall not include value added services  
33 in which computer processing applications are used to act on  
34 the form, content, code, and protocol of the information for



1 purposes other than transmission. "Telecommunications" shall  
2 not include purchase of telecommunications by a  
3 telecommunications service provider for use as a component  
4 part of the service provided by him or her to the ultimate  
5 retail consumer who originates or terminates the end-to-end  
6 communications. Retailer access charges, right of access  
7 charges, charges for use of intercompany facilities, and all  
8 telecommunications resold in the subsequent provision and  
9 used as a component of, or integrated into, end-to-end  
10 telecommunications service shall not be included in gross  
11 charges as sales for resale. "Telecommunications" shall not  
12 include the provision of cable services through a cable  
13 system as defined in the Cable Communications Act of 1984 (47  
14 U.S.C. Sections 521 and following) as now or hereafter  
15 amended or through an open video system as defined in the  
16 Rules of the Federal Communications Commission (47 C.D.F.  
17 76.1550 and following) as now or hereafter amended.  
18 Beginning January 1, 2001, prepaid telephone calling  
19 arrangements shall not be considered "telecommunications"  
20 subject to the tax imposed under this Act. For purposes of  
21 this Section, "prepaid telephone calling arrangements" means  
22 that term as defined in Section 2-27 of the Retailers'  
23 Occupation Tax Act.

24 (c) "Wireless telecommunications" includes cellular  
25 mobile telephone services, personal wireless services as  
26 defined in Section 704(C) of the Telecommunications Act of  
27 1996 (Public Law No. 104-104) as now or hereafter amended,  
28 including all commercial mobile radio services, and paging  
29 services.

30 (d) "Telecommunications retailer" or "retailer" or  
31 "carrier" means and includes every person engaged in the  
32 business of making sales of telecommunications at retail as  
33 defined in this Section. The Department may, in its  
34 discretion, upon applications, authorize the collection of

1 the fee hereby imposed by any retailer not maintaining a  
2 place of business within this State, who, to the satisfaction  
3 of the Department, furnishes adequate security to insure  
4 collection and payment of the fee. When so authorized, it  
5 shall be the duty of such retailer to pay the fee upon all of  
6 the gross charges for telecommunications in the same manner  
7 and subject to the same requirements as a retailer  
8 maintaining a place of business within this State.

9 (e) "Retailer maintaining a place of business in this  
10 State", or any like term, means and includes any retailer  
11 having or maintaining within this State, directly or by a  
12 subsidiary, an office, distribution facilities, transmission  
13 facilities, sales office, warehouse, or other place of  
14 business, or any agent or other representative operating  
15 within this State under the authority of the retailer or its  
16 subsidiary, irrespective of whether such place of business or  
17 agent or other representative is located here permanently or  
18 temporarily, or whether such retailer or subsidiary is  
19 licensed to do business in this State.

20 (f) "Sale of telecommunications at retail" means the  
21 transmitting, supplying, or furnishing of telecommunications  
22 and all services rendered in connection therewith for a  
23 consideration, other than between a parent corporation and  
24 its wholly owned subsidiaries or between wholly owned  
25 subsidiaries, when the gross charge made by one such  
26 corporation to another such corporation is not greater than  
27 the gross charge paid to the retailer for their use or  
28 consumption and not for sale.

29 (g) "Service address" means the location of  
30 telecommunications equipment from which telecommunications  
31 services are originated or at which telecommunications  
32 services are received. If this is not a defined location, as  
33 in the case of wireless telecommunications, paging systems,  
34 maritime systems, service address means the customer's place

1 of primary use as defined in the Mobile Telecommunications  
2 Sourcing Conformity Act. For air-to-ground systems, and the  
3 like, "service address" shall mean the location of the  
4 customer's primary use of the telecommunications equipment as  
5 defined by the location in Illinois where bills are sent.

6 (Source: P.A. 91-870, eff. 6-22-00; 92-474, eff. 8-1-02;  
7 92-526, eff. 1-1-03.)

8 (Text of Section after amendment by P.A. 92-878)

9 Sec. 10. Definitions.

10 (a) "Gross charges" means the amount paid to a  
11 telecommunications retailer for the act or privilege of  
12 originating or receiving telecommunications in this State and  
13 for all services rendered in connection therewith, valued in  
14 money whether paid in money or otherwise, including cash,  
15 credits, services, and property of every kind or nature, and  
16 shall be determined without any deduction on account of the  
17 cost of such telecommunications, the cost of the materials  
18 used, labor or service costs, or any other expense  
19 whatsoever. In case credit is extended, the amount thereof  
20 shall be included only as and when paid. "Gross charges" for  
21 private line service shall include charges imposed at each  
22 channel termination point within this State, charges for the  
23 channel mileage between each channel termination point within  
24 this State, and charges for that portion of the interstate  
25 inter-office channel provided within Illinois. Charges for  
26 that portion of the interstate inter-office channel provided  
27 in Illinois shall be determined by the retailer as follows:  
28 (i) for interstate inter-office channels having 2 channel  
29 termination points, only one of which is in Illinois, 50% of  
30 the total charge imposed; or (ii) for interstate inter-office  
31 channels having more than 2 channel termination points, one  
32 or more of which are in Illinois, an amount equal to the  
33 total charge multiplied by a fraction, the numerator of which  
34 is the number of channel termination points within Illinois

1 and the denominator of which is the total number of channel  
2 termination points; ~~or (iii) any other method that reasonably~~  
3 ~~apportions the total charges for interstate inter-office~~  
4 ~~channels among the states in which channel termination points~~  
5 ~~are located.~~ Prior to January 1, 2004, ~~June 1, 2003~~, any  
6 ~~apportionment~~ method consistent with this paragraph or other  
7 method that reasonably apportions the total charges for  
8 interstate inter-office channels among the states in which  
9 channel termination points are located shall be accepted as a  
10 reasonable method to determine the charges for that portion  
11 of the interstate inter-office channel provided within  
12 Illinois for that period. However, "gross charges" shall not  
13 include any of the following:

14 (1) Any amounts added to a purchaser's bill because  
15 of a charge made under: (i) the fee imposed by this  
16 Section, (ii) additional charges added to a purchaser's  
17 bill under Section 9-221 or 9-222 of the Public Utilities  
18 Act, (iii) the tax imposed by the Telecommunications  
19 Excise Tax Act, (iv) 911 surcharges, (v) the tax imposed  
20 by Section 4251 of the Internal Revenue Code, or (vi) the  
21 tax imposed by the Simplified Municipal  
22 Telecommunications Tax Act.

23 (2) Charges for a sent collect telecommunication  
24 received outside of this State.

25 (3) Charges for leased time on equipment or charges  
26 for the storage of data or information or subsequent  
27 retrieval or the processing of data or information  
28 intended to change its form or content. Such equipment  
29 includes, but is not limited to, the use of calculators,  
30 computers, data processing equipment, tabulating  
31 equipment, or accounting equipment and also includes the  
32 usage of computers under a time-sharing agreement.

33 (4) Charges for customer equipment, including such  
34 equipment that is leased or rented by the customer from

1 any source, wherein such charges are disaggregated and  
2 separately identified from other charges.

3 (5) Charges to business enterprises certified under  
4 Section 9-222.1 of the Public Utilities Act to the extent  
5 of such exemption and during the period of time specified  
6 by the Department of Commerce and Community Affairs.

7 (6) Charges for telecommunications and all services  
8 and equipment provided in connection therewith between a  
9 parent corporation and its wholly owned subsidiaries or  
10 between wholly owned subsidiaries, and only to the extent  
11 that the charges between the parent corporation and  
12 wholly owned subsidiaries or between wholly owned  
13 subsidiaries represent expense allocation between the  
14 corporations and not the generation of profit other than  
15 a regulatory required profit for the corporation  
16 rendering such services.

17 (7) Bad debts ("bad debt" means any portion of a  
18 debt that is related to a sale at retail for which gross  
19 charges are not otherwise deductible or excludable that  
20 has become worthless or uncollectible, as determined  
21 under applicable federal income tax standards; if the  
22 portion of the debt deemed to be bad is subsequently  
23 paid, the retailer shall report and pay the tax on that  
24 portion during the reporting period in which the payment  
25 is made).

26 (8) Charges paid by inserting coins in  
27 coin-operated telecommunication devices.

28 (9) Charges for nontaxable services or  
29 telecommunications if (i) those charges are aggregated  
30 with other charges for telecommunications that are  
31 taxable, (ii) those charges are not separately stated on  
32 the customer bill or invoice, and (iii) the retailer can  
33 reasonably identify the nontaxable charges on the  
34 retailer's books and records kept in the regular course

1 of business. If the nontaxable charges cannot reasonably  
2 be identified, the gross charge from the sale of both  
3 taxable and nontaxable services or telecommunications  
4 billed on a combined basis shall be attributed to the  
5 taxable services or telecommunications. The burden of  
6 proving nontaxable charges shall be on the retailer of  
7 the telecommunications.

8 (a-5) "Department" means the Illinois Department of  
9 Revenue.

10 (b) "Telecommunications" includes, but is not limited  
11 to, messages or information transmitted through use of local,  
12 toll, and wide area telephone service, channel services,  
13 telegraph services, teletypewriter service, computer exchange  
14 services, private line services, specialized mobile radio  
15 services, or any other transmission of messages or  
16 information by electronic or similar means, between or among  
17 points by wire, cable, fiber optics, laser, microwave, radio,  
18 satellite, or similar facilities. Unless the context clearly  
19 requires otherwise, "telecommunications" shall also include  
20 wireless telecommunications as hereinafter defined.  
21 "Telecommunications" shall not include value added services  
22 in which computer processing applications are used to act on  
23 the form, content, code, and protocol of the information for  
24 purposes other than transmission. "Telecommunications" shall  
25 not include purchase of telecommunications by a  
26 telecommunications service provider for use as a component  
27 part of the service provided by him or her to the ultimate  
28 retail consumer who originates or terminates the end-to-end  
29 communications. Retailer access charges, right of access  
30 charges, charges for use of intercompany facilities, and all  
31 telecommunications resold in the subsequent provision and  
32 used as a component of, or integrated into, end-to-end  
33 telecommunications service shall not be included in gross  
34 charges as sales for resale. "Telecommunications" shall not

1 include the provision of cable services through a cable  
2 system as defined in the Cable Communications Act of 1984 (47  
3 U.S.C. Sections 521 and following) as now or hereafter  
4 amended or through an open video system as defined in the  
5 Rules of the Federal Communications Commission (47 C.D.F.  
6 76.1550 and following) as now or hereafter amended.  
7 Beginning January 1, 2001, prepaid telephone calling  
8 arrangements shall not be considered "telecommunications"  
9 subject to the tax imposed under this Act. For purposes of  
10 this Section, "prepaid telephone calling arrangements" means  
11 that term as defined in Section 2-27 of the Retailers'  
12 Occupation Tax Act.

13 (c) "Wireless telecommunications" includes cellular  
14 mobile telephone services, personal wireless services as  
15 defined in Section 704(C) of the Telecommunications Act of  
16 1996 (Public Law No. 104-104) as now or hereafter amended,  
17 including all commercial mobile radio services, and paging  
18 services.

19 (d) "Telecommunications retailer" or "retailer" or  
20 "carrier" means and includes every person engaged in the  
21 business of making sales of telecommunications at retail as  
22 defined in this Section. The Department may, in its  
23 discretion, upon applications, authorize the collection of  
24 the fee hereby imposed by any retailer not maintaining a  
25 place of business within this State, who, to the satisfaction  
26 of the Department, furnishes adequate security to insure  
27 collection and payment of the fee. When so authorized, it  
28 shall be the duty of such retailer to pay the fee upon all of  
29 the gross charges for telecommunications in the same manner  
30 and subject to the same requirements as a retailer  
31 maintaining a place of business within this State.

32 (e) "Retailer maintaining a place of business in this  
33 State", or any like term, means and includes any retailer  
34 having or maintaining within this State, directly or by a

1 subsidiary, an office, distribution facilities, transmission  
2 facilities, sales office, warehouse, or other place of  
3 business, or any agent or other representative operating  
4 within this State under the authority of the retailer or its  
5 subsidiary, irrespective of whether such place of business or  
6 agent or other representative is located here permanently or  
7 temporarily, or whether such retailer or subsidiary is  
8 licensed to do business in this State.

9 (f) "Sale of telecommunications at retail" means the  
10 transmitting, supplying, or furnishing of telecommunications  
11 and all services rendered in connection therewith for a  
12 consideration, other than between a parent corporation and  
13 its wholly owned subsidiaries or between wholly owned  
14 subsidiaries, when the gross charge made by one such  
15 corporation to another such corporation is not greater than  
16 the gross charge paid to the retailer for their use or  
17 consumption and not for sale.

18 (g) "Service address" means the location of  
19 telecommunications equipment from which telecommunications  
20 services are originated or at which telecommunications  
21 services are received. If this is not a defined location, as  
22 in the case of wireless telecommunications, paging systems,  
23 maritime systems, service address means the customer's place  
24 of primary use as defined in the Mobile Telecommunications  
25 Sourcing Conformity Act. For air-to-ground systems, and the  
26 like, "service address" shall mean the location of the  
27 customer's primary use of the telecommunications equipment as  
28 defined by the location in Illinois where bills are sent.

29 (Source: P.A. 91-870, eff. 6-22-00; 92-474, eff. 8-1-02;  
30 92-526, eff. 1-1-03; 92-878, eff. 1-1-04.)

31 Section 15. The Simplified Municipal Telecommunications  
32 Tax Act is amended by changing Sections 5-7, 5-10, 5-20, and  
33 5-50 as follows:



1 (35 ILCS 636/5-7)

2 (Text of Section before amendment by P.A. 92-878)

3 Sec. 5-7. Definitions. For purposes of the taxes  
4 authorized by this Act:

5 "Amount paid" means the amount charged to the taxpayer's  
6 service address in such municipality regardless of where such  
7 amount is billed or paid.

8 "Department" means the Illinois Department of Revenue.

9 "Gross charge" means the amount paid for the act or  
10 privilege of originating or receiving telecommunications in  
11 such municipality and for all services and equipment provided  
12 in connection therewith by a retailer, valued in money  
13 whether paid in money or otherwise, including cash, credits,  
14 services and property of every kind or nature, and shall be  
15 determined without any deduction on account of the cost of  
16 such telecommunications, the cost of the materials used,  
17 labor or service costs or any other expense whatsoever. In  
18 case credit is extended, the amount thereof shall be included  
19 only as and when paid. "Gross charges" for private line  
20 service shall include charges imposed at each channel point  
21 within this State, charges for the channel mileage between  
22 each channel point within this State, and charges for that  
23 portion of the interstate inter-office channel provided  
24 within Illinois. However, "gross charge" shall not include:

25 (1) any amounts added to a purchaser's bill because  
26 of a charge made pursuant to: (i) the tax imposed by this  
27 Act, (ii) the tax imposed by the Telecommunications  
28 Excise Tax Act, (iii) the tax imposed by Section 4251 of  
29 the Internal Revenue Code, (iv) 911 surcharges, or (v)  
30 charges added to customers' bills pursuant to the  
31 provisions of Section 9-221 or 9-222 of the Public  
32 Utilities Act, as amended, or any similar charges added  
33 to customers' bills by retailers who are not subject to  
34 rate regulation by the Illinois Commerce Commission for

1 the purpose of recovering any of the tax liabilities or  
2 other amounts specified in those provisions of the Public  
3 Utilities Act;

4 (2) charges for a sent collect telecommunication  
5 received outside of such municipality;

6 (3) charges for leased time on equipment or charges  
7 for the storage of data or information for subsequent  
8 retrieval or the processing of data or information  
9 intended to change its form or content. Such equipment  
10 includes, but is not limited to, the use of calculators,  
11 computers, data processing equipment, tabulating  
12 equipment or accounting equipment and also includes the  
13 usage of computers under a time-sharing agreement;

14 (4) charges for customer equipment, including such  
15 equipment that is leased or rented by the customer from  
16 any source, wherein such charges are disaggregated and  
17 separately identified from other charges;

18 (5) charges to business enterprises certified as  
19 exempt under Section 9-222.1 of the Public Utilities Act  
20 to the extent of such exemption and during the period of  
21 time specified by the Department of Commerce and  
22 Community Affairs;

23 (6) charges for telecommunications and all services  
24 and equipment provided in connection therewith between a  
25 parent corporation and its wholly owned subsidiaries or  
26 between wholly owned subsidiaries when the tax imposed  
27 under this Act has already been paid to a retailer and  
28 only to the extent that the charges between the parent  
29 corporation and wholly owned subsidiaries or between  
30 wholly owned subsidiaries represent expense allocation  
31 between the corporations and not the generation of profit  
32 for the corporation rendering such service;

33 (7) bad debts ("bad debt" means any portion of a  
34 debt that is related to a sale at retail for which gross

1 charges are not otherwise deductible or excludable that  
2 has become worthless or uncollectible, as determined  
3 under applicable federal income tax standards; if the  
4 portion of the debt deemed to be bad is subsequently  
5 paid, the retailer shall report and pay the tax on that  
6 portion during the reporting period in which the payment  
7 is made);

8 (8) charges paid by inserting coins in  
9 coin-operated telecommunication devices; or

10 (9) amounts paid by telecommunications retailers  
11 under the Telecommunications Infrastructure Maintenance  
12 Fee Act.

13 "Interstate telecommunications" means all  
14 telecommunications that either originate or terminate outside  
15 this State.

16 "Intrastate telecommunications" means all  
17 telecommunications that originate and terminate within this  
18 State.

19 "Person" means any natural individual, firm, trust,  
20 estate, partnership, association, joint stock company, joint  
21 venture, corporation, limited liability company, or a  
22 receiver, trustee, guardian, or other representative  
23 appointed by order of any court, the Federal and State  
24 governments, including State universities created by statute,  
25 or any city, town, county, or other political subdivision of  
26 this State.

27 "Purchase at retail" means the acquisition, consumption  
28 or use of telecommunications through a sale at retail.

29 "Retailer" means and includes every person engaged in the  
30 business of making sales at retail as defined in this  
31 Section. The Department may, in its discretion, upon  
32 application, authorize the collection of the tax hereby  
33 imposed by any retailer not maintaining a place of business  
34 within this State, who, to the satisfaction of the

1 Department, furnishes adequate security to insure collection  
2 and payment of the tax. Such retailer shall be issued,  
3 without charge, a permit to collect such tax. When so  
4 authorized, it shall be the duty of such retailer to collect  
5 the tax upon all of the gross charges for telecommunications  
6 in this State in the same manner and subject to the same  
7 requirements as a retailer maintaining a place of business  
8 within this State. The permit may be revoked by the  
9 Department at its discretion.

10 "Retailer maintaining a place of business in this State",  
11 or any like term, means and includes any retailer having or  
12 maintaining within this State, directly or by a subsidiary,  
13 an office, distribution facilities, transmission facilities,  
14 sales office, warehouse or other place of business, or any  
15 agent or other representative operating within this State  
16 under the authority of the retailer or its subsidiary,  
17 irrespective of whether such place of business or agent or  
18 other representative is located here permanently or  
19 temporarily, or whether such retailer or subsidiary is  
20 licensed to do business in this State.

21 "Sale at retail" means the transmitting, supplying or  
22 furnishing of telecommunications and all services and  
23 equipment provided in connection therewith for a  
24 consideration, to persons other than the Federal and State  
25 governments, and State universities created by statute and  
26 other than between a parent corporation and its wholly owned  
27 subsidiaries or between wholly owned subsidiaries for their  
28 use or consumption and not for resale.

29 "Service address" means the location of  
30 telecommunications equipment from which telecommunications  
31 services are originated or at which telecommunications  
32 services are received by a taxpayer. In the event this may  
33 not be a defined location, as in the case of mobile phones,  
34 paging systems, and maritime systems, service address means

1 the customer's place of primary use as defined in the Mobile  
2 Telecommunications Sourcing Conformity Act. For  
3 air-to-ground systems and the like, "service address" shall  
4 mean the location of a taxpayer's primary use of the  
5 telecommunications equipment as defined by telephone number,  
6 authorization code, or location in Illinois where bills are  
7 sent.

8 "Taxpayer" means a person who individually or through his  
9 or her agents, employees, or permittees engages in the act or  
10 privilege of originating or receiving telecommunications in a  
11 municipality and who incurs a tax liability as authorized by  
12 this Act.

13 "Telecommunications", in addition to the meaning  
14 ordinarily and popularly ascribed to it, includes, without  
15 limitation, messages or information transmitted through use  
16 of local, toll, and wide area telephone service, private line  
17 services, channel services, telegraph services,  
18 teletypewriter, computer exchange services, cellular mobile  
19 telecommunications service, specialized mobile radio,  
20 stationary two-way radio, paging service, or any other form  
21 of mobile and portable one-way or two-way communications, or  
22 any other transmission of messages or information by  
23 electronic or similar means, between or among points by wire,  
24 cable, fiber optics, laser, microwave, radio, satellite, or  
25 similar facilities. As used in this Act, "private line"  
26 means a dedicated non-traffic sensitive service for a single  
27 customer, that entitles the customer to exclusive or priority  
28 use of a communications channel or group of channels, from  
29 one or more specified locations to one or more other  
30 specified locations. The definition of "telecommunications"  
31 shall not include value added services in which computer  
32 processing applications are used to act on the form, content,  
33 code, and protocol of the information for purposes other than  
34 transmission. "Telecommunications" shall not include

1 purchases of telecommunications by a telecommunications  
2 service provider for use as a component part of the service  
3 provided by such provider to the ultimate retail consumer who  
4 originates or terminates the taxable end-to-end  
5 communications. Carrier access charges, right of access  
6 charges, charges for use of inter-company facilities, and all  
7 telecommunications resold in the subsequent provision of,  
8 used as a component of, or integrated into, end-to-end  
9 telecommunications service shall be non-taxable as sales for  
10 resale. Prepaid telephone calling arrangements shall not be  
11 considered "telecommunications" subject to the tax imposed  
12 under this Act. For purposes of this Section, "prepaid  
13 telephone calling arrangements" means that term as defined in  
14 Section 2-27 of the Retailers' Occupations Tax Act.

15 (Source: P.A. 92-526, eff. 7-1-02.)

16 (Text of Section after amendment by P.A. 92-878)

17 Sec. 5-7. Definitions. For purposes of the taxes  
18 authorized by this Act:

19 "Amount paid" means the amount charged to the taxpayer's  
20 service address in such municipality regardless of where such  
21 amount is billed or paid.

22 "Department" means the Illinois Department of Revenue.

23 "Gross charge" means the amount paid for the act or  
24 privilege of originating or receiving telecommunications in  
25 such municipality and for all services and equipment provided  
26 in connection therewith by a retailer, valued in money  
27 whether paid in money or otherwise, including cash, credits,  
28 services and property of every kind or nature, and shall be  
29 determined without any deduction on account of the cost of  
30 such telecommunications, the cost of the materials used,  
31 labor or service costs or any other expense whatsoever. In  
32 case credit is extended, the amount thereof shall be included  
33 only as and when paid. "Gross charges" for private line  
34 service shall include charges imposed at each channel

1 termination point within a municipality that has imposed a  
2 tax under this Section and this--State, charges for the  
3 channel-mileage-between-each-channel-point-within-this-State,  
4 and-charges-for-that portion of the interstate inter-office  
5 channels channel provided within that municipality Illinois.  
6 Charges for that portion of the interstate inter-office  
7 channel connecting 2 or more channel termination points, one  
8 or more of which is located within the jurisdictional  
9 boundary of such municipality, shall be determined by the  
10 retailer by multiplying an amount equal to the total charge  
11 for the inter-office channel by a fraction, the numerator of  
12 which is the number of channel termination points that are  
13 located within the jurisdictional boundary of the  
14 municipality and the denominator of which is the total number  
15 of channel termination points connected by the inter-office  
16 channel. Prior to January 1, 2004, any method consistent with  
17 this paragraph or other method that reasonably apportions the  
18 total charges for inter-office channels among the  
19 municipalities in which channel termination points are  
20 located shall be accepted as a reasonable method to determine  
21 the taxable portion of an inter-office channel provided  
22 within a municipality for that period provided-in-Illinois  
23 shall-be-determined-by-the--retailer--as--follows:---(i)--for  
24 interstate-inter-office-channels-having-2-channel-termination  
25 points,--only--one--of-which-is-in-Illinois,--50%-of-the-total  
26 charge-imposed;-(ii)--for--interstate--inter-office--channels  
27 having-more-than-2-channel-termination-points,--one-or-more-of  
28 which--are--in--Illinois,--an-amount-equal-to-the-total-charge  
29 multiplied-by-a-fraction,--the--numerator--of--which--is--the  
30 number--of-channel-termination-points-within-Illinois-and-the  
31 denominator--of--which--is--the--total--number---of---channel  
32 termination-points;-or-(iii)-any-other-method-that-reasonably  
33 apportions--the--total--charges--for--interstate-inter-office  
34 channels-among-the-states-in-which-channel-termination-points

1 are located. Prior to June 17, 2003, any apportionment method  
2 consistent with this paragraph shall be accepted as a  
3 reasonable method to determine the charges for that portion  
4 of the interstate inter-office channel provided within  
5 Illinois for that period. However, "gross charge" shall not  
6 include any of the following:

7 (1) Any amounts added to a purchaser's bill because  
8 of a charge made pursuant to: (i) the tax imposed by this  
9 Act, (ii) the tax imposed by the Telecommunications  
10 Excise Tax Act, (iii) the tax imposed by Section 4251 of  
11 the Internal Revenue Code, (iv) 911 surcharges, or (v)  
12 charges added to customers' bills pursuant to the  
13 provisions of Section 9-221 or 9-222 of the Public  
14 Utilities Act, as amended, or any similar charges added  
15 to customers' bills by retailers who are not subject to  
16 rate regulation by the Illinois Commerce Commission for  
17 the purpose of recovering any of the tax liabilities or  
18 other amounts specified in those provisions of the Public  
19 Utilities Act.

20 (2) Charges for a sent collect telecommunication  
21 received outside of such municipality.

22 (3) Charges for leased time on equipment or charges  
23 for the storage of data or information for subsequent  
24 retrieval or the processing of data or information  
25 intended to change its form or content. Such equipment  
26 includes, but is not limited to, the use of calculators,  
27 computers, data processing equipment, tabulating  
28 equipment or accounting equipment and also includes the  
29 usage of computers under a time-sharing agreement.

30 (4) Charges for customer equipment, including such  
31 equipment that is leased or rented by the customer from  
32 any source, wherein such charges are disaggregated and  
33 separately identified from other charges.

34 (5) Charges to business enterprises certified as



1 exempt under Section 9-222.1 of the Public Utilities Act  
2 to the extent of such exemption and during the period of  
3 time specified by the Department of Commerce and  
4 Community Affairs.

5 (6) Charges for telecommunications and all services  
6 and equipment provided in connection therewith between a  
7 parent corporation and its wholly owned subsidiaries or  
8 between wholly owned subsidiaries when the tax imposed  
9 under this Act has already been paid to a retailer and  
10 only to the extent that the charges between the parent  
11 corporation and wholly owned subsidiaries or between  
12 wholly owned subsidiaries represent expense allocation  
13 between the corporations and not the generation of profit  
14 for the corporation rendering such service.

15 (7) Bad debts ("bad debt" means any portion of a  
16 debt that is related to a sale at retail for which gross  
17 charges are not otherwise deductible or excludable that  
18 has become worthless or uncollectible, as determined  
19 under applicable federal income tax standards; if the  
20 portion of the debt deemed to be bad is subsequently  
21 paid, the retailer shall report and pay the tax on that  
22 portion during the reporting period in which the payment  
23 is made).

24 (8) Charges paid by inserting coins in  
25 coin-operated telecommunication devices.

26 (9) Amounts paid by telecommunications retailers  
27 under the Telecommunications Infrastructure Maintenance  
28 Fee Act.

29 (10) Charges for nontaxable services or  
30 telecommunications if (i) those charges are aggregated  
31 with other charges for telecommunications that are  
32 taxable, (ii) those charges are not separately stated on  
33 the customer bill or invoice, and (iii) the retailer can  
34 reasonably identify the nontaxable charges on the

1 retailer's books and records kept in the regular course  
2 of business. If the nontaxable charges cannot reasonably  
3 be identified, the gross charge from the sale of both  
4 taxable and nontaxable services or telecommunications  
5 billed on a combined basis shall be attributed to the  
6 taxable services or telecommunications. The burden of  
7 proving nontaxable charges shall be on the retailer of  
8 the telecommunications.

9 "Interstate telecommunications" means all  
10 telecommunications that either originate or terminate outside  
11 this State.

12 "Intrastate telecommunications" means all  
13 telecommunications that originate and terminate within this  
14 State.

15 "Person" means any natural individual, firm, trust,  
16 estate, partnership, association, joint stock company, joint  
17 venture, corporation, limited liability company, or a  
18 receiver, trustee, guardian, or other representative  
19 appointed by order of any court, the Federal and State  
20 governments, including State universities created by statute,  
21 or any city, town, county, or other political subdivision of  
22 this State.

23 "Purchase at retail" means the acquisition, consumption  
24 or use of telecommunications through a sale at retail.

25 "Retailer" means and includes every person engaged in the  
26 business of making sales at retail as defined in this  
27 Section. The Department may, in its discretion, upon  
28 application, authorize the collection of the tax hereby  
29 imposed by any retailer not maintaining a place of business  
30 within this State, who, to the satisfaction of the  
31 Department, furnishes adequate security to insure collection  
32 and payment of the tax. Such retailer shall be issued,  
33 without charge, a permit to collect such tax. When so  
34 authorized, it shall be the duty of such retailer to collect

1 the tax upon all of the gross charges for telecommunications  
2 in this State in the same manner and subject to the same  
3 requirements as a retailer maintaining a place of business  
4 within this State. The permit may be revoked by the  
5 Department at its discretion.

6 "Retailer maintaining a place of business in this State",  
7 or any like term, means and includes any retailer having or  
8 maintaining within this State, directly or by a subsidiary,  
9 an office, distribution facilities, transmission facilities,  
10 sales office, warehouse or other place of business, or any  
11 agent or other representative operating within this State  
12 under the authority of the retailer or its subsidiary,  
13 irrespective of whether such place of business or agent or  
14 other representative is located here permanently or  
15 temporarily, or whether such retailer or subsidiary is  
16 licensed to do business in this State.

17 "Sale at retail" means the transmitting, supplying or  
18 furnishing of telecommunications and all services and  
19 equipment provided in connection therewith for a  
20 consideration, to persons other than the Federal and State  
21 governments, and State universities created by statute and  
22 other than between a parent corporation and its wholly owned  
23 subsidiaries or between wholly owned subsidiaries for their  
24 use or consumption and not for resale.

25 "Service address" means the location of  
26 telecommunications equipment from which telecommunications  
27 services are originated or at which telecommunications  
28 services are received by a taxpayer. In the event this may  
29 not be a defined location, as in the case of mobile phones,  
30 paging systems, and maritime systems, service address means  
31 the customer's place of primary use as defined in the Mobile  
32 Telecommunications Sourcing Conformity Act. For  
33 air-to-ground systems and the like, "service address" shall  
34 mean the location of a taxpayer's primary use of the

1 telecommunications equipment as defined by telephone number,  
2 authorization code, or location in Illinois where bills are  
3 sent.

4 "Taxpayer" means a person who individually or through his  
5 or her agents, employees, or permittees engages in the act or  
6 privilege of originating or receiving telecommunications in a  
7 municipality and who incurs a tax liability as authorized by  
8 this Act.

9 "Telecommunications", in addition to the meaning  
10 ordinarily and popularly ascribed to it, includes, without  
11 limitation, messages or information transmitted through use  
12 of local, toll, and wide area telephone service, private line  
13 services, channel services, telegraph services,  
14 teletypewriter, computer exchange services, cellular mobile  
15 telecommunications service, specialized mobile radio,  
16 stationary two-way radio, paging service, or any other form  
17 of mobile and portable one-way or two-way communications, or  
18 any other transmission of messages or information by  
19 electronic or similar means, between or among points by wire,  
20 cable, fiber optics, laser, microwave, radio, satellite, or  
21 similar facilities. As used in this Act, "private line"  
22 means a dedicated non-traffic sensitive service for a single  
23 customer, that entitles the customer to exclusive or priority  
24 use of a communications channel or group of channels, from  
25 one or more specified locations to one or more other  
26 specified locations. The definition of "telecommunications"  
27 shall not include value added services in which computer  
28 processing applications are used to act on the form, content,  
29 code, and protocol of the information for purposes other than  
30 transmission. "Telecommunications" shall not include  
31 purchases of telecommunications by a telecommunications  
32 service provider for use as a component part of the service  
33 provided by such provider to the ultimate retail consumer who  
34 originates or terminates the taxable end-to-end

1 communications. Carrier access charges, right of access  
2 charges, charges for use of inter-company facilities, and all  
3 telecommunications resold in the subsequent provision of,  
4 used as a component of, or integrated into, end-to-end  
5 telecommunications service shall be non-taxable as sales for  
6 resale. Prepaid telephone calling arrangements shall not be  
7 considered "telecommunications" subject to the tax imposed  
8 under this Act. For purposes of this Section, "prepaid  
9 telephone calling arrangements" means that term as defined in  
10 Section 2-27 of the Retailers' Occupation Tax Act.

11 (Source: P.A. 92-526, eff. 7-1-02; 92-878, eff. 1-1-04.)

12 (35 ILCS 636/5-10)

13 Sec. 5-10. Authority. The corporate authorities of any  
14 municipality in this State may tax any and all of the  
15 following acts or privileges:

16 (a) The act or privilege of originating in such  
17 municipality or receiving in such municipality intrastate  
18 telecommunications by a person. To prevent actual  
19 multi-municipal taxation of the act or privilege that is  
20 subject to taxation under this subsection, any taxpayer, upon  
21 proof that the taxpayer has paid a tax in another  
22 municipality on that event, shall be allowed a credit against  
23 any tax enacted pursuant to or authorized by this Section to  
24 the extent of the amount of the tax properly due and paid in  
25 the municipality that was not previously allowed as a credit  
26 against any other municipal tax. However, such tax is not  
27 imposed on such act or privilege to the extent such act or  
28 privilege may not, under the Constitution and statutes of the  
29 United States, be made the subject of taxation by  
30 municipalities in this State.

31 (b) The act or privilege of originating in such  
32 municipality or receiving in such municipality interstate  
33 telecommunications by a person. To prevent actual multi-state

1 or multi-municipal taxation of the act or privilege that is  
2 subject to taxation under this subsection, any taxpayer, upon  
3 proof that the taxpayer has paid a tax in another state or  
4 municipality in this State on such event, shall be allowed a  
5 credit against any tax enacted pursuant to or authorized by  
6 this Section to the extent of the amount of such tax properly  
7 due and paid in such other state or such tax properly due and  
8 paid in a municipality in this State which was not previously  
9 allowed as a credit against any other state or local tax in  
10 this State. However, such tax is not imposed on the act or  
11 privilege to the extent such act or privilege may not, under  
12 the Constitution and statutes of the United States, be made  
13 the subject of taxation by municipalities in this State.

14 (Source: P.A. 92-526, eff. 7-1-02.)

15 (35 ILCS 636/5-20)

16 Sec. 5-20. Imposition.

17 (a) On and after January 1, 2003, for municipalities  
18 with populations of less than 500,000, the tax authorized by  
19 this Act shall be imposed (except as provided in Sections  
20 5-25 and 5-30 of this Act), amended, or repealed by an  
21 ordinance adopted by the municipality, which ordinance shall  
22 be filed by the municipality with the Department pursuant to  
23 the rules of the Department.

24 (1) Any ordinance adopted by a municipality with a  
25 population of less than 500,000 which attempts to impose,  
26 amend or repeal the tax authorized by this Act shall be  
27 of no force and effect until properly filed with an  
28 appropriate form with the Department.

29 (2) Any certified copy of an ordinance (i) filed  
30 with the Department prior to October 1, 2002 shall be  
31 effective with respect to gross charges billed by  
32 telecommunications retailers on or after January 1, 2003  
33 and (ii) thereafter--any-certified-copy-of-an-ordinance

1 filed with the Department on or after October 1, 2002 and  
2 before April 1, 2003 ~~prior to any April 1 or October 1~~  
3 shall be effective with respect to gross charges billed  
4 by telecommunications retailers on or after ~~the following~~  
5 July 1, 2003 or January 1, respectively. On and after  
6 April 1, 2003, any certified copy of an ordinance filed  
7 with the Department on or before September 20 or March 20  
8 shall be effective with respect to gross charges billed  
9 by telecommunications retailers on or after the following  
10 January 1 or July 1, respectively. If the certified  
11 ordinance is filed with the Department on or before  
12 September 20, the Department shall determine by October  
13 10 whether the ordinance meets the criteria under this  
14 Act. If the certified ordinance is filed with the  
15 Department on or before March 20, the Department shall  
16 determine by April 10 whether the ordinance meets the  
17 criteria under this Act. If the ordinance meets the  
18 criteria, the Department shall notify the  
19 telecommunications retailers via a posting on the  
20 Department's web site that the ordinance is approved and  
21 shall list the rate. For ordinances filed with the  
22 Department on or before September 20, notification must  
23 be made no later than October 10. For ordinances filed  
24 with the Department on or before March 20, notification  
25 must be made no later than April 10.

26 (b) On and after January 1, 2003, for municipalities  
27 with populations of 500,000 or more, the tax authorized by  
28 this Act shall be imposed, amended, or repealed, and any  
29 authorized exemptions granted, by the adoption of an  
30 ordinance and notification to the telecommunications  
31 retailers.

32 (Source: P.A. 92-526, eff. 7-1-02.)

1           Sec. 5-50. Returns to the Department.

2           (a) Commencing on February 1, 2003, for the tax imposed  
3 under subsection (a) of Section 5-20 of this Act, every  
4 retailer maintaining a place of business in this State shall,  
5 on or before the last day of each month make a return to the  
6 Department for the preceding calendar month, stating:

7                 (1) Its name;

8                 (2) The address of its principal place of business  
9 or the address of the principal place of business (if  
10 that is a different address) from which it engages in the  
11 business of transmitting telecommunications;

12                 (3) Total amount of gross charges billed by it  
13 during the preceding calendar month for providing  
14 telecommunications during the calendar month;

15                 (4) Total amount received by it during the  
16 preceding calendar month on credit extended;

17                 (5) Deductions allowed by law;

18                 (6) Gross charges that were billed by it during the  
19 preceding calendar month and upon the basis of which the  
20 tax is imposed;

21                 (7) Amount of tax (computed upon Item 6);

22                 (8) The municipalities to which the Department  
23 shall remit the taxes and the amount of such remittances;

24                 (9) Such other reasonable information as the  
25 Department may require. The Department may not, however,  
26 require a retailer to furnish information that is not  
27 specifically required by this Act to be reported and is  
28 not required in order to ascertain the amount of taxes  
29 that are due and payable on the return.

30           (b) Any retailer required to make payments under this  
31 Section may make the payments by electronic funds transfer.  
32 The Department shall adopt rules necessary to effectuate a  
33 program of electronic funds transfer. Any retailer who has  
34 average monthly tax billings due to the Department under this



1 Act and the Telecommunications Excise Tax Act that exceed  
2 \$1,000 shall make all payments by electronic funds transfer  
3 as required by rules of the Department.

4 (c) If the retailer's average monthly tax billings due  
5 to the Department under this Act and the Telecommunications  
6 Excise Tax Act do not exceed \$1,000, the Department may  
7 authorize such retailer's returns to be filed on a  
8 quarter-annual basis, with the return for January, February,  
9 and March of a given year being due by April 30th of that  
10 year; with the return for April, May, and June of a given  
11 year being due by July 31st of that year; with the return for  
12 July, August, and September of a given year being due by  
13 October 31st of that year; and with the return for October,  
14 November, and December of a given year being due by January  
15 31st of the following year.

16 (d) If the retailer is otherwise required to file a  
17 monthly or quarterly return and if the retailer's average  
18 monthly tax billings due to the Department under this Act and  
19 the Telecommunications Excise Tax Act do not exceed \$400, the  
20 Department may authorize such retailer's return to be filed  
21 on an annual basis, with the return for a given year being  
22 due by January 31st of the following year.

23 (e) Each retailer whose average monthly remittance to  
24 the Department under this Act and the Telecommunications  
25 Excise Tax Act was \$25,000 or more during the preceding  
26 calendar year, excluding the month of highest remittance and  
27 the month of lowest remittance in such calendar year, and who  
28 is not operated by a unit of local government, shall make  
29 estimated payments to the Department on or before the 7th,  
30 15th, 22nd, and last day of the month during which the tax  
31 remittance is owed to the Department in an amount not less  
32 than the lower of either 22.5% of the retailer's actual tax  
33 collections for the month or 25% of the retailer's actual tax  
34 collections for the same calendar month of the preceding

1 year. The amount of such quarter-monthly payments shall be  
2 credited against the final remittance of the retailer's  
3 return for that month. Any outstanding credit, approved by  
4 the Department, arising from the retailer's overpayment of  
5 its final remittance for any month may be applied to reduce  
6 the amount of any subsequent quarter-monthly payment or  
7 credited against the final remittance of the retailer's  
8 return for any subsequent month. If any quarter-monthly  
9 payment is not paid at the time or in the amount required by  
10 this Section, the retailer shall be liable for penalty and  
11 interest on the difference between the minimum amount due as  
12 a payment and the amount of such payment actually and timely  
13 paid, except insofar as the retailer has previously made  
14 payments for that month to the Department or received credits  
15 in excess of the minimum payments previously due.

16 (f) Notwithstanding any other provision of this Section  
17 containing the time within which a retailer may file his or  
18 her return, in the case of any retailer who ceases to engage  
19 in a kind of business that makes him or her responsible for  
20 filing returns under this Section, the retailer shall file a  
21 final return under this Section with the Department not more  
22 than one month after discontinuing such business.

23 (g) In making such return, the retailer shall determine  
24 the value of any consideration other than money received by  
25 it and such retailer shall include the value in its return.  
26 Such determination shall be subject to review and revision by  
27 the Department in the manner hereinafter provided for the  
28 correction of returns.

29 (h) Any retailer who has average monthly tax billings  
30 due to the Department under this Act and the  
31 Telecommunications Excise Tax Act that exceed \$1,000 shall  
32 file the return required by this Section by electronic means  
33 as required by rules of the Department.

34 (i) The retailer filing the return herein provided for

1 shall, at the time of filing the return, pay to the  
2 Department the amounts due pursuant to this Act. The  
3 Department shall immediately pay over to the State Treasurer,  
4 ex officio, as trustee, 99.5% of all taxes, penalties, and  
5 interest collected hereunder for deposit into the Municipal  
6 Telecommunications Fund, which is hereby created. The  
7 remaining 0.5% received by the Department pursuant to this  
8 Act shall be deposited into the Tax Compliance and  
9 Administration Fund and shall be used by the Department,  
10 subject to appropriation, to cover the costs of the  
11 Department. On or before the 25th day of each calendar month,  
12 the Department shall prepare and certify to the Comptroller  
13 the disbursement of stated sums of money to be paid to named  
14 municipalities from the Municipal Telecommunications Fund for  
15 amounts collected during the second preceding calendar month.  
16 The named municipalities shall be those municipalities  
17 identified by a retailer in such retailer's return as having  
18 imposed the tax authorized by the Act. The amount of money  
19 to be paid to each municipality shall be the amount (not  
20 including credit memoranda) collected hereunder during the  
21 second preceding calendar month by the Department, plus an  
22 amount the Department determines is necessary to offset any  
23 amounts that were erroneously erroneously paid to a  
24 different taxing body, and not including an amount equal to  
25 the amount of refunds made during the second preceding  
26 calendar month by the Department on behalf of such  
27 municipality, and not including any amount that the  
28 Department determines is necessary to offset any amount that  
29 were payable to a different taxing body but were erroneously  
30 paid to the municipality. Within 10 days after receipt by  
31 the Comptroller of the disbursement certification from the  
32 Department, the Comptroller shall cause the orders to be  
33 drawn for the respective amounts in accordance with the  
34 directions contained in the certification. When certifying

1 to the Comptroller the amount of a monthly disbursement to a  
2 municipality under this Section, the Department shall  
3 increase or decrease the amount by an amount necessary to  
4 offset any misallocation of previous disbursements. The  
5 offset amount shall be the amount erroneously disbursed  
6 within the previous 6 months from the time a misallocation is  
7 discovered.

8 (j) For municipalities with populations of less than  
9 500,000, whenever the Department determines that a refund  
10 shall be made under this Section to a claimant instead of  
11 issuing a credit memorandum, the Department shall notify the  
12 State Comptroller, who shall cause the order to be drawn for  
13 the amount specified and to the person named in the  
14 notification from the Department. The refund shall be paid  
15 by the State Treasurer out of the Municipal  
16 Telecommunications Fund.

17 (Source: P.A. 92-526, eff. 7-1-02.)

18 Section 95. No acceleration or delay. Where this Act  
19 makes changes in a statute that is represented in this Act by  
20 text that is not yet or no longer in effect (for example, a  
21 Section represented by multiple versions), the use of that  
22 text does not accelerate or delay the taking effect of (i)  
23 the changes made by this Act or (ii) provisions derived from  
24 any other Public Act.

25 Section 99. Effective date. This Act takes effect on  
26 January 1, 2004, except that this Section and the changes to  
27 Sections 5-10, 5-20, and 5-50 of the Simplified Municipal  
28 Telecommunications Tax Act take effect upon becoming law.