

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 point within  
26 this State, charges for the channel mileage between each  
27 channel point within this State, and charges for that portion  
28 of the interstate inter-office channel provided within  
29 Illinois. Charges for that portion of the interstate  
30 inter-office channel provided in Illinois shall be determined  
31 by the retailer as follows: (i) for interstate inter-office  
32 channels having 2 channel termination points, only one of  
33 which is in Illinois, 50% of the total charge imposed; (ii)  
34 for interstate inter-office channels having more than 2

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

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

28 (2) Charges for a sent collect telecommunication  
29 received outside of the State.

30 (3) Charges for leased time on equipment or charges  
31 for the storage of data or information for subsequent  
32 retrieval or the processing of data or information  
33 intended to change its form or content. Such equipment  
34 includes, but is not limited to, the use of calculators,



1 computers, data processing equipment, tabulating  
2 equipment or accounting equipment and also includes the  
3 usage of computers under a time-sharing agreement.

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

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

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

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

33 (8) Charges paid by inserting coins in  
34 coin-operated telecommunication devices.

1           (9) Amounts paid by telecommunications retailers  
2           under the Telecommunications Municipal Infrastructure  
3           Maintenance Fee Act.

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

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; 92-878, eff. 1-1-04.)

11 Section 10. The Telecommunications Infrastructure  
12 Maintenance Fee Act is amended by changing Section 10 as  
13 follows:

14 (35 ILCS 635/10)

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

16 Sec. 10. Definitions.

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

1 shall not include:

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

11 (2) charges for a sent collect telecommunication  
12 received outside of this State;

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

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

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

29 (6) charges for telecommunications and all services  
30 and equipment provided in connection therewith between a  
31 parent corporation and its wholly owned subsidiaries or  
32 between wholly owned subsidiaries, and only to the extent  
33 that the charges between the parent corporation and  
34 wholly owned subsidiaries or between wholly owned

1 subsidiaries represent expense allocation between the  
2 corporations and not the generation of profit other than  
3 a regulatory required profit for the corporation  
4 rendering such services;

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

14 (8) charges paid by inserting coins in  
15 coin-operated telecommunication devices.

16 (a-5) "Department" means the Illinois Department of  
17 Revenue.

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



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

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

27 (d) "Telecommunications retailer" or "retailer" or  
28 "carrier" means and includes every person engaged in the  
29 business of making sales of telecommunications at retail as  
30 defined in this Section. The Department may, in its  
31 discretion, upon applications, authorize the collection of  
32 the fee hereby imposed by any retailer not maintaining a  
33 place of business within this State, who, to the satisfaction  
34 of the Department, furnishes adequate security to insure

1 collection and payment of the fee. When so authorized, it  
2 shall be the duty of such retailer to pay the fee upon all of  
3 the gross charges for telecommunications in the same manner  
4 and subject to the same requirements as a retailer  
5 maintaining a place of business within this State.

6 (e) "Retailer maintaining a place of business in this  
7 State", or any like term, means and includes any retailer  
8 having or maintaining within this State, directly or by a  
9 subsidiary, an office, distribution facilities, transmission  
10 facilities, sales office, warehouse, or other place of  
11 business, or any agent or other representative operating  
12 within this State under the authority of the retailer or its  
13 subsidiary, irrespective of whether such place of business or  
14 agent or 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 (f) "Sale of telecommunications at retail" means the  
18 transmitting, supplying, or furnishing of telecommunications  
19 and all services rendered in connection therewith for a  
20 consideration, other than between a parent corporation and  
21 its wholly owned subsidiaries or between wholly owned  
22 subsidiaries, when the gross charge made by one such  
23 corporation to another such corporation is not greater than  
24 the gross charge paid to the retailer for their use or  
25 consumption and not for sale.

26 (g) "Service address" means the location of  
27 telecommunications equipment from which telecommunications  
28 services are originated or at which telecommunications  
29 services are received. If this is not a defined location, as  
30 in the case of wireless telecommunications, paging systems,  
31 maritime systems, service address means the customer's place  
32 of primary use as defined in the Mobile Telecommunications  
33 Sourcing Conformity Act. For air-to-ground systems, and the  
34 like, "service address" shall mean the location of the

1 customer's primary use of the telecommunications equipment as  
2 defined by the location in Illinois where bills are sent.

3 (Source: P.A. 91-870, eff. 6-22-00; 92-474, eff. 8-1-02;  
4 92-526, eff. 1-1-03.)

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

6 Sec. 10. Definitions.

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

1 channels among the states in which channel termination points  
2 are located. Prior to January 1, 2004 ~~June-17-2003~~, any  
3 apportionment method consistent with this paragraph shall be  
4 accepted as a reasonable method to determine the charges for  
5 that portion of the interstate inter-office channel provided  
6 within Illinois for that period. However, "gross charges"  
7 shall not include any of the following:

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

17 (2) Charges for a sent collect telecommunication  
18 received outside of this State.

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

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

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

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

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

20          (8) Charges paid by inserting coins in  
21          coin-operated telecommunication devices.

22          (9) Charges for nontaxable services or  
23          telecommunications if (i) those charges are aggregated  
24          with other charges for telecommunications that are  
25          taxable, (ii) those charges are not separately stated on  
26          the customer bill or invoice, and (iii) the retailer can  
27          reasonably identify the nontaxable charges on the  
28          retailer's books and records kept in the regular course  
29          of business. If the nontaxable charges cannot reasonably  
30          be identified, the gross charge from the sale of both  
31          taxable and nontaxable services or telecommunications  
32          billed on a combined basis shall be attributed to the  
33          taxable services or telecommunications. The burden of  
34          proving nontaxable charges shall be on the retailer of

1 the telecommunications.

2 (a-5) "Department" means the Illinois Department of  
3 Revenue.

4 (b) "Telecommunications" includes, but is not limited  
5 to, messages or information transmitted through use of local,  
6 toll, and wide area telephone service, channel services,  
7 telegraph services, teletypewriter service, computer exchange  
8 services, private line services, specialized mobile radio  
9 services, or any other transmission of messages or  
10 information by electronic or similar means, between or among  
11 points by wire, cable, fiber optics, laser, microwave, radio,  
12 satellite, or similar facilities. Unless the context clearly  
13 requires otherwise, "telecommunications" shall also include  
14 wireless telecommunications as hereinafter defined.  
15 "Telecommunications" shall not include value added services  
16 in which computer processing applications are used to act on  
17 the form, content, code, and protocol of the information for  
18 purposes other than transmission. "Telecommunications" shall  
19 not include purchase of telecommunications by a  
20 telecommunications service provider for use as a component  
21 part of the service provided by him or her to the ultimate  
22 retail consumer who originates or terminates the end-to-end  
23 communications. Retailer access charges, right of access  
24 charges, charges for use of intercompany facilities, and all  
25 telecommunications resold in the subsequent provision and  
26 used as a component of, or integrated into, end-to-end  
27 telecommunications service shall not be included in gross  
28 charges as sales for resale. "Telecommunications" shall not  
29 include the provision of cable services through a cable  
30 system as defined in the Cable Communications Act of 1984 (47  
31 U.S.C. Sections 521 and following) as now or hereafter  
32 amended or through an open video system as defined in the  
33 Rules of the Federal Communications Commission (47 C.D.F.  
34 76.1550 and following) as now or hereafter amended.

1 Beginning January 1, 2001, prepaid telephone calling  
2 arrangements shall not be considered "telecommunications"  
3 subject to the tax imposed under this Act. For purposes of  
4 this Section, "prepaid telephone calling arrangements" means  
5 that term as defined in Section 2-27 of the Retailers'  
6 Occupation Tax Act.

7 (c) "Wireless telecommunications" includes cellular  
8 mobile telephone services, personal wireless services as  
9 defined in Section 704(C) of the Telecommunications Act of  
10 1996 (Public Law No. 104-104) as now or hereafter amended,  
11 including all commercial mobile radio services, and paging  
12 services.

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

26 (e) "Retailer maintaining a place of business in this  
27 State", or any like term, means and includes any retailer  
28 having or maintaining within this State, directly or by a  
29 subsidiary, an office, distribution facilities, transmission  
30 facilities, sales office, warehouse, or other place of  
31 business, or any agent or other representative operating  
32 within this State under the authority of the retailer or its  
33 subsidiary, irrespective of whether such place of business or  
34 agent or other representative is located here permanently or

1 temporarily, or whether such retailer or subsidiary is  
2 licensed to do business in this State.

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

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

23 (Source: P.A. 91-870, eff. 6-22-00; 92-474, eff. 8-1-02;  
24 92-526, eff. 1-1-03; 92-878, eff. 1-1-04.)

25 Section 15. The Simplified Municipal Telecommunications  
26 Tax Act is amended by changing Sections 5-7 and 5-20 as  
27 follows:

28 (35 ILCS 636/5-7)

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

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

32 "Amount paid" means the amount charged to the taxpayer's



1 service address in such municipality regardless of where such  
2 amount is billed or paid.

3 "Department" means the Illinois Department of Revenue.

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

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

33 (2) charges for a sent collect telecommunication  
34 received outside of such municipality;

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

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

13           (5) charges to business enterprises certified as  
14 exempt under Section 9-222.1 of the Public Utilities Act  
15 to the extent of such exemption and during the period of  
16 time specified by the Department of Commerce and  
17 Community Affairs;

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

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

1 portion during the reporting period in which the payment  
2 is made);

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

5 (9) amounts paid by telecommunications retailers  
6 under the Telecommunications Infrastructure Maintenance  
7 Fee Act.

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

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

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

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

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

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

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

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

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

1 authorization code, or location in Illinois where bills are  
2 sent.

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

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

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

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

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

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

14 "Amount paid" means the amount charged to the taxpayer's  
15 service address in such municipality regardless of where such  
16 amount is billed or paid.

17 "Department" means the Illinois Department of Revenue.

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

1 by the retailer as follows: (i) for interstate inter-office  
2 channels having 2 channel termination points, only one of  
3 which is in Illinois, 50% of the total charge imposed; (ii)  
4 for interstate inter-office channels having more than 2  
5 channel termination points, one or more of which are in  
6 Illinois, an amount equal to the total charge multiplied by a  
7 fraction, the numerator of which is the number of channel  
8 termination points within Illinois and the denominator of  
9 which is the total number of channel termination points; or  
10 (iii) any other method that reasonably apportions the total  
11 charges for interstate inter-office channels among the states  
12 in which channel termination points are located. Prior to  
13 January 1, 2004 ~~June--17--2003~~, any apportionment method  
14 consistent with this paragraph shall be accepted as a  
15 reasonable method to determine the charges for that portion  
16 of the interstate inter-office channel provided within  
17 Illinois for that period. However, "gross charge" shall not  
18 include any of the following:

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

32 (2) Charges for a sent collect telecommunication  
33 received outside of such municipality.

34 (3) Charges for leased time on equipment or charges

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

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

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

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

27 (7) Bad debts ("bad debt" means any portion of a  
28 debt 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 uncollectible, 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 Infrastructure Maintenance  
6 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 "Interstate telecommunications" means all  
22 telecommunications that either originate or terminate outside  
23 this State.

24 "Intrastate telecommunications" means all  
25 telecommunications that originate and terminate within this  
26 State.

27 "Person" means any natural individual, firm, trust,  
28 estate, partnership, association, joint stock company, joint  
29 venture, corporation, limited liability company, or a  
30 receiver, trustee, guardian, or other representative  
31 appointed by order of any court, the Federal and State  
32 governments, including State universities created by statute,  
33 or any city, town, county, or other political subdivision of  
34 this State.

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

3 "Retailer" means and includes every person engaged in the  
4 business of making sales at retail as defined in this  
5 Section. The Department may, in its discretion, upon  
6 application, authorize the collection of the tax hereby  
7 imposed by any retailer not maintaining a place of business  
8 within this State, who, to the satisfaction of the  
9 Department, furnishes adequate security to insure collection  
10 and payment of the tax. Such retailer shall be issued,  
11 without charge, a permit to collect such tax. When so  
12 authorized, it shall be the duty of such retailer to collect  
13 the tax upon all of the gross charges for telecommunications  
14 in this State in the same manner and subject to the same  
15 requirements as a retailer maintaining a place of business  
16 within this State. The permit may be revoked by the  
17 Department at its discretion.

18 "Retailer maintaining a place of business in this State",  
19 or any like term, means and includes any retailer having or  
20 maintaining within this State, directly or by a subsidiary,  
21 an office, distribution facilities, transmission facilities,  
22 sales office, warehouse or other place of business, or any  
23 agent or other representative operating within this State  
24 under the authority of the retailer or its subsidiary,  
25 irrespective of whether such place of business or agent or  
26 other representative is located here permanently or  
27 temporarily, or whether such retailer or subsidiary is  
28 licensed to do business in this State.

29 "Sale at retail" means the transmitting, supplying or  
30 furnishing of telecommunications and all services and  
31 equipment provided in connection therewith for a  
32 consideration, to persons other than the Federal and State  
33 governments, and State universities created by statute and  
34 other than between a parent corporation and its wholly owned

1 subsidiaries or between wholly owned subsidiaries for their  
2 use or consumption and not for resale.

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

16 "Taxpayer" means a person who individually or through his  
17 or her agents, employees, or permittees engages in the act or  
18 privilege of originating or receiving telecommunications in a  
19 municipality and who incurs a tax liability as authorized by  
20 this Act.

21 "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 such provider 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. Prepaid telephone calling arrangements shall not be  
19 considered "telecommunications" subject to the tax imposed  
20 under this Act. For purposes of this Section, "prepaid  
21 telephone calling arrangements" means that term as defined in  
22 Section 2-27 of the Retailers' Occupation Tax Act.

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

24 (35 ILCS 636/5-20)

25 Sec. 5-20. Imposition.

26 (a) On and after January 1, 2003, for municipalities  
27 with populations of less than 500,000, the tax authorized by  
28 this Act shall be imposed (except as provided in Sections  
29 5-25 and 5-30 of this Act), amended, or repealed by an  
30 ordinance adopted by the municipality. Upon adoption of the  
31 ordinance authorizing the imposition, amendment, or repeal,  
32 the municipal clerk shall transmit a certified copy of that  
33 ordinance to the Department. The Department shall determine

1 within 10 days after receipt of the ordinance whether the  
 2 ordinance meets the criteria under this Act. If the ordinance  
 3 meets the criteria, the Department shall grant certification.  
 4 Upon certification, the Department shall notify the  
 5 telecommunications retailers of the certified ordinance,  
 6 ~~which ordinance shall be filed by the municipality with the~~  
 7 ~~Department pursuant to the rules of the Department.~~

8 (1) Any ordinance adopted by a municipality with a  
 9 population of less than 500,000 which attempts to impose,  
 10 amend or repeal the tax authorized by this Act shall be  
 11 of no force and effect until at least 3 months after  
 12 certification by properly filed with an appropriate form  
 13 with the Department and notice to the telecommunications  
 14 retailers.

15 (2) Any certified copy of an ordinance certified by  
 16 filed with the Department and notice to the  
 17 telecommunications provider prior to October 1, 2002  
 18 shall be effective with respect to gross charges billed  
 19 by telecommunications retailers on or after January 1,  
 20 2003 and thereafter any ordinance certified by copy of an  
 21 ordinance filed with the Department and notice to the  
 22 telecommunications retailer prior to any April 1 or  
 23 October 1 shall be effective with respect to gross  
 24 charges billed by telecommunications retailers on or  
 25 after the following July 1 or January 1, respectively.

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.)

33 Section 95. No acceleration or delay. Where this Act

1 makes changes in a statute that is represented in this Act by  
2 text that is not yet or no longer in effect (for example, a  
3 Section represented by multiple versions), the use of that  
4 text does not accelerate or delay the taking effect of (i)  
5 the changes made by this Act or (ii) provisions derived from  
6 any other Public Act.

7 Section 99. Effective date. This Act takes effect upon  
8 becoming law.