



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB3732

Introduced 2/28/2007, by Rep. Timothy L. Schmitz

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3b new
35 ILCS 120/2-75 new

Amends the Use Tax Act and the Retailers' Occupation Tax Act. Provides that no tax is imposed under the Acts upon the privilege of using in this State (for the Use Tax Act) or persons engaged in the business of selling at retail (for the Retailers' Occupation Tax Act) qualified school supplies that are purchased from 12:01 a.m. on the first Thursday in August through midnight of the Sunday that follows 10 days later. Provides that the Department of Revenue shall define "qualified school supplies" by rule. Sets forth criteria for transactions to qualify for the exemption. Effective immediately.

LRB095 10094 BDD 30308 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Use Tax Act is amended by adding Section 3b
5 as follows:

6 (35 ILCS 105/3b new)

7 Sec. 3b. Back-To-School Tax Holiday.

8 (a) No tax is imposed under this Act upon the privilege of
9 using, in this State, qualified school supplies that are
10 purchased at retail from a retailer if the qualified school
11 supplies are purchased during the holiday period.

12 (b) For the purpose of this Section:

13 "Holiday period" means the period from 12:01 a.m. on the
14 first Thursday in August through midnight of the Sunday that
15 follows 10 days later.

16 "Qualified school supplies" means those items defined as
17 qualified school supplies by the Department of Revenue by rule.

18 (c) For purpose of this Section, a "purchase" occurs during
19 the tax holiday if the buyer places an order and pays the
20 purchase price by cash or credit during the tax holiday period
21 regardless of whether the delivery of the item occurs after the
22 tax holiday period.

23 A qualified school supply that is placed in a layaway or

1 similar deferred plan during the holiday period is not eligible
2 for the exemption unless the item is delivered to the purchaser
3 during the period. An item that was placed in a layaway or
4 similar deferred plan before the holiday period and is then
5 delivered to the purchaser during the holiday period is
6 eligible for the exemption.

7 (d) Qualified merchandise that customers purchase during
8 the holiday period with the use of a rain check qualify for the
9 holiday regardless of when the rain check was issued. The
10 issuance of a rain check, however, during the holiday period
11 does not qualify merchandise for the exemption if the
12 merchandise is actually purchased after the holiday period.

13 (e) If a customer purchases an item of qualified
14 merchandise during the holiday period but later exchanges the
15 item for a substantially similar item of a different size,
16 different color, or other feature, then no additional tax is
17 due even if the exchange is made after the holiday period.

18 If a customer purchases an item of qualified merchandise
19 during the holiday period, but after the holiday period has
20 ended, the customer returns the item and receives credit on the
21 purchase of a different item, then the newly purchased item is
22 subject to the full tax rate.

23 If a customer purchases an item of qualified merchandise
24 before the holiday period, but during the holiday period, the
25 customer returns the item and receives credit on the purchase
26 of a different item of qualified merchandise, then the newly

1 purchased item is subject to the exemption.

2 (f) Each unit of local government that imposes a use tax
3 may, by resolution or ordinance, declare a tax holiday with
4 respect to its use tax for the same items, during the same
5 periods, and under the same conditions and is encouraged to do
6 so.

7 Section 10. The Retailers' Occupation Tax Act is amended by
8 adding Section 2-75 as follows:

9 (35 ILCS 120/2-75 new)

10 Sec. 2-75. Back-To-School Tax Holiday.

11 (a) No tax is imposed under this Act upon persons engaged
12 in the business of selling, at retail, qualified school
13 supplies that are purchased at retail from a retailer if the
14 qualified school supplies are purchased during the holiday
15 period.

16 (b) For the purpose of this Section:

17 "Holiday period" means the period from 12:01 a.m. on the
18 first Thursday in August through midnight of the Sunday that
19 follows 10 days later.

20 "Qualified school supplies" means those items defined as
21 qualified school supplies by the Department of Revenue by rule.

22 (c) For purpose of this Section, a "purchase" occurs during
23 the tax holiday if the buyer places an order and pays the
24 purchase price by cash or credit during the tax holiday period

1 regardless of whether the delivery of the item occurs after the
2 tax holiday period.

3 A qualified school supply that is placed in a layaway or
4 similar deferred plan during the holiday period is not eligible
5 for the exemption unless the item is delivered to the purchaser
6 during the period. An item that was placed in a layaway or
7 similar deferred plan before the holiday period and is then
8 delivered to the purchaser during the holiday period is
9 eligible for the exemption.

10 (d) Qualified merchandise that customers purchase during
11 the holiday period with the use of a rain check qualify for the
12 holiday regardless of when the rain check was issued. The
13 issuance of a rain check, however, during the holiday period
14 does not qualify merchandise for the exemption if the
15 merchandise is actually purchased after the holiday period.

16 (e) If a customer purchases an item of qualified
17 merchandise during the holiday period but later exchanges the
18 item for a substantially similar item of a different size,
19 different color, or other feature, then no additional tax is
20 due even if the exchange is made after the holiday period.

21 If a customer purchases an item of qualified merchandise
22 during the holiday period, but after the holiday period has
23 ended, the customer returns the item and receives credit on the
24 purchase of a different item, then the newly purchased item is
25 subject to the full tax rate.

26 If a customer purchases an item of qualified merchandise

1 before the holiday period, but during the holiday period, the
2 customer returns the item and receives credit on the purchase
3 of a different item of qualified merchandise, then the newly
4 purchased item is subject to the exemption.

5 (f) Each unit of local government that imposes a use tax
6 may, by resolution or ordinance, declare a tax holiday with
7 respect to its use tax for the same items, during the same
8 periods, and under the same conditions and is encouraged to do
9 so.

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.