



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB6319

by Rep. Rosemary Mulligan - Ruth Munson - Ronald A. Wait -  
Dennis M. Reboletti - Sidney H. Mathias, et al.

#### 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 use or purchase of (i) tangible personal property that is purchased in its original package for a selling price of \$600 or less or (ii) tangible personal property that qualifies as an "Energy Star" product under the federal Energy Star Program to the extent of the first \$600 of value if that property is purchased during a tax holiday. Defines "tax-holiday" as the period from 12:01 a.m. on May 23, 2008 through midnight of May 26, 2008. Sets forth criteria for transactions to qualify for the exemption. Effective immediately.

LRB095 20376 HLH 48425 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 changing Section  
5 9 and by adding Section 3b as follows:

6 (35 ILCS 105/3b new)

7 Sec. 3b. Tax holiday.

8 (a) No tax under this Act is imposed upon the privilege of  
9 using, in this State, qualified merchandise that is purchased  
10 at retail from a retailer if the qualified merchandise is  
11 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 May  
14 23, 2008 through midnight of May 26, 2008.

15 "Qualified merchandise" means:

16 (1) any tangible personal property that is purchased in  
17 its original package for a selling price of \$600 or less;  
18 and

19 (2) any property that qualifies as an "Energy Star"  
20 product under the Energy Star Program administered by the  
21 United States Environmental Protection Agency to the  
22 extent of the first \$600 of value.

23 (c) For purpose of this Section, a "purchase" occurs during

1 the tax holiday if the buyer places an order and pays the  
2 purchase price by cash or credit during the tax holiday period  
3 regardless of whether the delivery of the item occurs after the  
4 tax holiday period.

5 An item of qualified merchandise that is placed in a  
6 layaway or similar deferred plan during the holiday period is  
7 not eligible for the reduced tax rate unless the item is  
8 delivered to the purchaser during the period. An item that was  
9 placed in a layaway or similar deferred plan before the holiday  
10 period and is then delivered to the purchaser during the  
11 holiday period is eligible for the exemption under this  
12 Section.

13 (d) Any discount, coupon, or other credit offered either by  
14 the retailer or by a vendor of the retailer to reduce the final  
15 price to the customer must be taken into account in determining  
16 the selling price of the item for the purposes of this holiday.  
17 If the price of an item is free or reduced with the purchase of  
18 another item, then the total price of the items may not be  
19 averaged in order for both items to qualify for the holiday.

20 The amount of any rebate may not be considered when  
21 determining the selling price of the item for the purposes of  
22 this holiday.

23 (e) Articles that are normally sold as a unit must continue  
24 to be sold in that manner; they may not be priced separately  
25 and sold as individual items in order to be subject to the  
26 holiday. Components that are normally priced as separate

1 articles, however, may continue to be sold as separate  
2 articles.

3 (f) Qualified merchandise that customers purchase during  
4 the holiday period with the use of a rain check qualify for the  
5 holiday regardless of when the rain check was issued. The  
6 issuance of a rain check, however, during the holiday period  
7 does not qualify merchandise for the exemption if the  
8 merchandise is actually purchased after the holiday period.

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

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

19 If a customer purchases an item of qualified merchandise  
20 before the holiday period, but during the holiday period, the  
21 customer returns the item and receives credit on the purchase  
22 of a different item of qualified merchandise, then the newly  
23 purchased item is subject to the exemption.

24 (h) Each unit of local government that imposes a use tax  
25 may, by resolution or ordinance, declare a tax holiday with  
26 respect to its use tax for the same items, during the same

1 periods, and under the same conditions and is encouraged to do  
2 so.

3 Section 10. The Retailers' Occupation Tax Act is amended by  
4 changing Section 3 and by adding Section 2-75 as follows:

5 (35 ILCS 120/2-75 new)

6 Sec. 2-75. Tax holiday.

7 (a) No tax under this Act is imposed upon persons engaged  
8 in the business of selling, at retail, qualified merchandise if  
9 the qualified merchandise is purchased during the holiday  
10 period.

11 (b) For the purpose of this Section:

12 "Holiday period" means the period from 12:01 a.m. on May  
13 23, 2008 through midnight of May 26, 2008.

14 "Qualified merchandise" means:

15 (1) any tangible personal property that is purchased in  
16 its original package for a selling price of \$600 or less;  
17 and

18 (2) any property that qualifies as an "Energy Star"  
19 product under the Energy Star Program administered by the  
20 United States Environmental Protection Agency to the  
21 extent of the first \$600 of value.

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 An item of qualified merchandise that is placed in a  
4 layaway or similar deferred plan during the holiday period is  
5 not eligible for the reduced tax rate unless the item is  
6 delivered to the purchaser during the period. An item that was  
7 placed in a layaway or similar deferred plan before the holiday  
8 period and is then delivered to the purchaser during the  
9 holiday period is eligible for the exemption under this  
10 Section.

11 (d) Any discount, coupon, or other credit offered either by  
12 the retailer or by a vendor of the retailer to reduce the final  
13 price to the customer must be taken into account in determining  
14 the selling price of the item for the purposes of this holiday.  
15 If the price of an item is free or reduced with the purchase of  
16 another item, then the total price of the items may not be  
17 averaged in order for both items to qualify for the holiday.

18 The amount of any rebate may not be considered when  
19 determining the selling price of the item for the purposes of  
20 this holiday.

21 (e) Articles that are normally sold as a unit must continue  
22 to be sold in that manner; they may not be priced separately  
23 and sold as individual items in order to be subject to the  
24 holiday. Components that are normally priced as separate  
25 articles, however, may continue to be sold as separate  
26 articles.

1       (f) Qualified merchandise that customers purchase during  
2 the holiday period with the use of a rain check qualify for the  
3 holiday regardless of when the rain check was issued. The  
4 issuance of a rain check, however, during the holiday period  
5 does not qualify merchandise for the exemption if the  
6 merchandise is actually purchased after the holiday period.

7       (g) If a customer purchases an item of qualified  
8 merchandise during the holiday period but later exchanges the  
9 item for a substantially similar item of a different size,  
10 different color, or other feature, then no additional tax is  
11 due even if the exchange is made after the holiday period.

12       If a customer purchases an item of qualified merchandise  
13 during the holiday period, but after the holiday period has  
14 ended, the customer returns the item and receives credit on the  
15 purchase of a different item, then the newly purchased item is  
16 subject to the full tax rate.

17       If a customer purchases an item of qualified merchandise  
18 before the holiday period, but during the holiday period, the  
19 customer returns the item and receives credit on the purchase  
20 of a different item of qualified merchandise, then the newly  
21 purchased item is subject to the exemption.

22       (h) Each unit of local government that imposes a use tax  
23 may, by resolution or ordinance, declare a tax holiday with  
24 respect to its use tax for the same items, during the same  
25 periods, and under the same conditions and is encouraged to do  
26 so.

1           Section 99. Effective date. This Act takes effect upon  
2    becoming law.