



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

HB5595

by Rep. Brandon W. Phelps

#### SYNOPSIS AS INTRODUCED:

New Act

Creates the Facilitating Business Rapid Response to State Declared Disasters Act of 2014. Provides that an out-of-State business that conducts operations within the State solely for the purpose of performing work or services related to a declared State disaster or emergency during a specified disaster period shall not be required to register, file, or remit State or local taxes with respect to that disaster-related work, and is not subject to any State licensing or registration requirements; provided that, in the case of an out-of-State employee who is required to have a professional license to perform the disaster relief or recovery work, that employee is required to maintain a current license in his or her home state or another state during the disaster period. Effective immediately.

LRB098 18639 HLH 53782 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 1. Short title. This Act may be cited as the  
5 Facilitating Business Rapid Response to State Declared  
6 Disasters Act of 2014.

7 Section 5. Findings. With respect to emergency aid coming  
8 from out of State, the General Assembly finds that:

9 (1) During times of storm, tornado, flood, fire,  
10 earthquake, or other disaster or emergency, many  
11 businesses bring in resources and personnel from other  
12 States on a temporary basis to expedite the often enormous  
13 and overwhelming tasks of cleaning up, restoring and  
14 repairing damaged buildings, equipment, and property, and  
15 deploying or building new replacement facilities in the  
16 State.

17 (2) This work may involve the need for out-of-State  
18 businesses, including out-of-State affiliates of  
19 businesses based in the State, to bring in resources,  
20 property, and personnel that previously had no connection  
21 to the State to perform disaster relief and recovery  
22 activities in the State for extended periods of time.

23 (3) During such time of operating in the State on a

1 temporary basis solely for the purpose of helping the State  
2 recover from the disaster or emergency, these businesses  
3 and individual employees should not be burdened by any  
4 State or local taxes.

5 (4) The State's nexus and residency thresholds are  
6 intended to apply to businesses and individuals that  
7 conduct regular business operations or intend to reside in  
8 the State and should not be directed at businesses and  
9 individuals coming into the State on a temporary basis to  
10 provide help and assistance in response to a declared  
11 disaster or emergency.

12 (5) To ensure that businesses may focus on quick  
13 response to the needs of the State and its citizens during  
14 a declared disaster or emergency, it is appropriate for the  
15 General Assembly to deem that such activity for a  
16 reasonable period of time before, during and after the  
17 disaster or emergency for repairing and restoration of the  
18 often devastating damage to property and infrastructure in  
19 the State shall not establish presence, residency, nor  
20 doing business in the State nor any other criteria for  
21 purposes of State and local taxes, licensing and regulatory  
22 requirements.

23 Section 10. Definitions. In this Act:

24 "Registered business in the State" (or "registered  
25 business") means a business entity that is currently registered

1 to do business in the State prior to a declared State disaster  
2 or emergency.

3 "Out-of-State business" means a business entity that (i)  
4 has no presence in the State and conducts no business in the  
5 State, whose services are requested by a registered business or  
6 by a State or local government for purposes of performing  
7 disaster or emergency related work in the State and (ii) has no  
8 registrations or tax filings or nexus in the State prior to a  
9 declared State disaster or emergency. This shall also include a  
10 business entity that is affiliated with the registered business  
11 in the State solely through common ownership.

12 "Out-of-State employee" means an employee who does not work  
13 in the State, except for disaster or emergency related work  
14 during the disaster period.

15 "Infrastructure" means property and equipment owned or  
16 used by communications networks, cable, video broadband, data  
17 and Voice Over Internet Protocol networks, electric  
18 generation, transmission and distribution systems, gas  
19 distribution systems, water pipelines, and public roads and  
20 bridges and related support facilities that service multiple  
21 customers, including, but not limited to, real and personal  
22 property such as buildings, offices, lines, poles, pipes,  
23 structures, and equipment.

24 "Declared State disaster or emergency" means a disaster or  
25 emergency event (1) for which a Governor's proclamation of a  
26 State of emergency has been issued or (2) for which a

1 Presidential declaration of a federal major disaster or  
2 emergency has been issued.

3 "Disaster period" means a period that begins within 10 days  
4 of the first day of the Governor's proclamation or the  
5 President's declaration and that extends for a period of 60  
6 calendar days after the end of the declared disaster or  
7 emergency period.

8 "Disaster or emergency related work" means repairing,  
9 renovating, installing, building, rendering services or other  
10 business activities that relate to infrastructure that has been  
11 damaged impaired or destroyed by the declared State disaster or  
12 emergency.

13 Section 15. Obligations during and after disaster period.

14 (a) An out-of-State business that conducts operations  
15 within the State solely for the purpose of performing work or  
16 services related to a declared State disaster or emergency  
17 during the disaster period shall not be considered to have  
18 established a level of presence that would require that  
19 business to register, file, or remit State or local taxes, or  
20 that would require that business or its out-of-State employees  
21 to be subject to any State licensing or registration  
22 requirements; provided that, in the case of an employee who is  
23 required to have a professional license to perform the disaster  
24 relief or recovery work, that employee is required to maintain  
25 a current license in his or her home state or another state

1 during the disaster period. Out-of-State businesses and  
2 employees are exempt from the following: State unemployment  
3 insurance requirements, State or local occupational licensing  
4 fees, use or occupation taxes imposed on the sale or use of  
5 tangible personal property used for the purpose of disaster or  
6 emergency related work during the disaster period, and Illinois  
7 Commerce Commission or Secretary of State licensing and  
8 regulatory requirements. Income derived solely from disaster  
9 or emergency related work performed by out-of-State businesses  
10 or employees during the disaster period shall not be allocated  
11 or apportioned to this State for the purposes of the taxes  
12 imposed under the Illinois Income Tax Act, including the  
13 employer's obligation to pay over withholding taxes.

14 (b) Out-of-State businesses and employees are required to  
15 pay taxes and fees, including use and occupation taxes, motor  
16 fuel taxes, hotel taxes, and automobile rental taxes, to the  
17 extent that the use or purchase is for personal use and not  
18 solely for the purpose of disaster or emergency related work  
19 during the disaster period.

20 (c) Any out-of-State business or out-of-State employee  
21 that remains in the State after the disaster period will become  
22 subject to the State's normal standards for establishing  
23 presence, residency or doing business in the State and will  
24 therefore become responsible for any business or employee tax  
25 requirements that ensue.

1 Section 20. Administration, notification, and reporting.

2 (a) An out-of-State business that enters the State shall,  
3 upon request, provide to the Office of the Governor, the  
4 Department of Revenue, and the Department of Employment  
5 Security a statement that it is in the State solely for the  
6 purpose of responding to the disaster or emergency, which  
7 statement shall include the business name, state of domicile,  
8 principal business address, federal tax identification number,  
9 date of entry, and contact information.

10 (b) A registered business in the State shall, upon request,  
11 provide the information required in paragraph (a) of this  
12 Section for any affiliate that enters the State that is an  
13 out-of-State business. The notification shall also include  
14 contact information for the registered business in the State.

15 (c) An out-of-State business or an out-of-State employee  
16 that remains in the State after the disaster period shall  
17 complete State and local registration, licensing and filing  
18 requirements that ensue as a result of establishing the  
19 requisite business presence or residency in the State  
20 applicable under the existing law.

21 (d) The Department of Revenue shall promulgate necessary  
22 regulations, develop and issue forms or online processes, and  
23 maintain and make available an annual record of any  
24 designations pursuant to this Act to carry out these  
25 administrative procedures.

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.