

**Illinois Department of Revenue  
Regulations**

**Title 86 Part 450 Section 450.30 Reports and Returns**

TITLE 86: REVENUE  
CHAPTER I: DEPARTMENT OF REVENUE

PART 450  
CIGARETTE USE TAX ACT

**Section 450.30 Licenses and Permits – Bonds**

- a) Any distributor maintaining a place of business in this State is required to be licensed as a distributor under the Cigarette Use Tax Act, provided that the distributor need not obtain the license if a distributor is required to procure a license or allowed to obtain a permit as a distributor under the Cigarette Tax Act. The Act defines a "Distributor maintaining a place of business in this State" to mean "any distributor having or maintaining within this State, directly or by a subsidiary, an office, distribution house, sales house, warehouse or other place of business, or any agent operating within this State under the authority of the distributor or its subsidiary, irrespective of whether the place of business or agent is located here permanently or temporarily, or whether the distributor or subsidiary is licensed to transact business within this State." The distributor must apply for a license on a form prescribed by the Department and must accompany the application with a joint and several bond. The amount of the bond shall be \$2,500.
- b) Except when the applicant is the manufacturer, no distributor's license shall be issued to an applicant unless he presents the Department with satisfactory proof in writing that he will be able to buy cigarettes directly from at least 3 major cigarette manufacturers. A separate application for license shall be made, and bond filed, for each place of business at or from which the applicant proposes to act as a distributor under the Cigarette Use Tax Act and for which the applicant is not required to procure a license or allowed to obtain a permit as a distributor under the Cigarette Tax Act. Any license issued shall permit the applicant to engage in business as a distributor at or from the place shown in his application. All licenses issued by the Department under the Cigarette Use Tax Act shall be valid for not to exceed one year after issuance unless sooner revoked, canceled or suspended as in the Act provided.
- c) The annual license fee payable to the Department for each distributor's license shall be \$250. The purpose of the annual license fee is to defray the cost, to the Department, of serializing cigarette tax stamps. The applicant for license shall pay the fee to the Department at the time of submitting the application for license to the Department.
- d) A license shall not be transferable or assignable. Every such license shall be conspicuously displayed at the place of business for which it is issued. Licenses issued under the Cigarette Use Tax Act are subject to suspension, revocation or cancellation under the conditions prescribed in Section 6 of the Act.
- e) The Department may, in its discretion, upon application, issue permits authorizing the collection of the tax imposed by those out-of-state cigarette manufacturers who are not required to be licensed as distributors of cigarettes in this State, but who elect to qualify under this Act as distributors of cigarettes in this State, and who, to the satisfaction of the Department, furnish adequate security to insure collection and payment of the tax, provided that any permit shall extend only to cigarettes that the permittee-manufacturer places in

original packages that are contained inside a sealed transparent wrapper, and provided that no permit shall be issued under the Cigarette Use Tax Act to a manufacturer who has obtained the permit provided for in Section 4b of the Cigarette Tax Act. The distributor shall be issued, without charge, a permit to collect the tax in a manner, and subject to reasonable regulations and agreements as the Department shall prescribe. When so authorized, it shall be the duty of the distributor to collect the tax upon all cigarettes which he delivers (or causes to be delivered) within this State to purchasers, in the same manner and subject to the same requirements as a distributor maintaining a place of business within this State. The permit shall be in the form as the Department may prescribe and shall not be transferable or assignable. The authority and permit may be suspended, canceled or revoked when, at any time, the Department considers that the security given is inadequate, or that the tax can more effectively be collected from the person using such cigarettes in this State or through distributors located in this State, or whenever the permittee violates any provision of the Cigarette Use Tax Act or any lawful rule or regulation issued by the Department pursuant to that Act, or whenever the permittee shall notify the Department in writing of his desire to have the permit canceled. The Department shall have the power, in its discretion, to issue a new permit after the suspension, cancellation or revocation.

- f) All permits issued by the Department under the Cigarette Use Tax Act shall be valid for not to exceed one year after issuance unless sooner revoked, canceled or suspended as in the Act provided.
- g) The following are ineligible to receive a distributor's license or permit under this Act:
  - 1) A person who is not of good character and reputation in the community in which he resides;
  - 2) a person who has been convicted of a felony under any Federal or State law, if the Department, after investigation and a hearing, if requested by the applicant, determines that the person has not been sufficiently rehabilitated to warrant the public trust;
  - 3) a corporation, if any officer, manager or director thereof, or any stockholder or stockholders owning in the aggregate more than 5% ~~(in the case of distributors) or 1% (in the case of out-of-state cigarette manufacturer permittees)~~ of the stock of the corporation, would not be eligible to receive a license under this Part for any reason.

(Source: Amended at 42 Ill. Reg. \_\_\_\_\_, effective \_\_\_\_\_)