

Illinois Department of Revenue
101 West Jefferson Street
Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY86-46

TO: Licensed Motor Fuel Distributors and Suppliers of Special
Fuel

SUBJECT: Bonding Requirements

As you know, licensed distributors of motor fuel and suppliers of special fuel must keep a surety bond (equal to at least two months' motor fuel tax liability) on file with the Department of Revenue.* We have recently become aware that many motor fuel companies are having difficulty meeting this requirement because of the reluctance of bonding companies to sell this kind of bond.

In response to this problem, we have agreed to accept an irrevocable letter of credit issued by an Illinois bank as satisfactory surety under the Motor Fuel Tax Law. You may, of course, still provide surety by purchasing a surety bond; or you may use a combination of a bond and a letter of credit (for example, a \$10,000 bond and a \$10,000 letter of credit to satisfy a surety requirement of \$20,000).

Please note that an irrevocable bank letter of credit must be in the form prescribed by the Department, be good for at least one year, and be automatically renewable for successive year periods unless your bank notifies us at least thirty days before the maturity date of an intention to cancel the letter.

If you would like to furnish your motor fuel tax surety (or a portion of your surety) in the form of an irrevocable bank of credit, please ask us for Form ECS-108.

If you need additional information regarding this matter, you may contact us at the address and phone number listed at the top of this bulletin.

J. Thomas Johnson
Director of Revenue

*A taxpayer which doesn't keep sufficient surety on file with the Department will lose its license.

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