



# Rolling Stock Exemption Changes

## Informational Bulletin

July 2004

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Director of Revenue

### For information or forms...

- ◆ Call us at:  
1 800 732-8866 or  
217 782-3336
- ◆ Call our TDD  
(telecommunications device  
for the deaf) at:  
1 800 544-5304
- ◆ Write us at:  
Illinois Department of Revenue  
P.O. Box 19044  
Springfield, IL 62794-9044
- ◆ Visit our Web site at:  
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1 800 356-6302

*This bulletin is written to  
inform you of recent  
changes; it does not replace  
statutes, rules and regula-  
tions, or court decisions.*

### To:

**All purchasers who will claim the rolling stock exemption  
and all retailers who must document the exemption**

Beginning July 1, 2004, the rolling stock exemption qualifications for second division motor vehicles and trailers, semitrailers, and pole trailers have changed. These same qualifications apply to purchases of repair and replacement parts. For more information, see 86 Illinois Administrative Code 130.340

**Note:** The rolling stock exemption requirements for purchases of aircraft, watercraft, and rail carrier items (and any subsequent repair and replacement parts) have **not** changed.

### Definitions

We have used the generic terms "motor vehicle" and "trailer" throughout this bulletin. Definitions for both of these terms are shown below.

- ◆ The term "motor vehicle" means a second division motor vehicle as defined in Section 1-146 of the Illinois Vehicle Code.
- ◆ The term "trailer" means a trailer as defined in Section 1-209 of the Illinois Vehicle Code, a semitrailer as defined in Section 1-187 of the Illinois Vehicle Code, and a pole trailer as defined in Section 1-161 of the Illinois Vehicle Code.

### Changes to rolling stock exemption qualifications

- ◆ **Motor vehicle gross vehicle weight rating**

A **motor vehicle** must have a gross vehicle weight rating (GVWR) greater than 16,000 pounds. The GVWR is the weight identified by the manufacturer or manufacturers as the maximum loaded weight that the motor vehicle can carry safely.

- ◆ **more than 50 percent of total trips or mileage test**

A **motor vehicle** or **trailer** must carry persons or property for hire in interstate commerce for either

- more than 50 percent of its total **trips** in a 12-month period, or
- more than 50 percent of its total **miles** in a 12-month period.

- ◆ **Qualifying trips or miles in inter-state commerce change**

Trips or mileage of a motor vehicle or trailer for which persons or property are carried for hire just between points in Illinois may be used to qualify for the exemption if the journey of the passenger or shipment of the property either originates or terminates outside Illinois.

### Trip method or mileage method documentation

For each motor vehicle or trailer, you must identify which method you will use to qualify for the rolling stock exemption — the trip method or the mileage method. Once made, this election cannot be changed.

**Note:** You **do not** have to use the same method for each motor vehicle or trailer.

### Motor vehicles

At the time of purchase, you must identify which method you will use and report that choice to us on the required tax return. You must use the motor vehicle in a qualifying manner for each consecutive 12-month period from the initial title or registration date, whichever is later. If you do not, the exemption will be revoked and applicable tax, penalties, and interest will be due.

If you continue to claim the exemption for a purchase made before July 1, 2004, you must identify which method you will use in your books and records.

**Note:** If you do not identify which method you will use, you will be deemed to have chosen the mileage method.

### Trailers

Instead of documenting each trailer's qualifying use, you may use documentation to show to what motor vehicle or group of motor vehicles the trailer is dedicated.

- ◆ If the trailer is dedicated to a motor vehicle that qualifies for the rolling stock exemption, then the trailer qualifies for the exemption also.

- ◆ If the trailer is dedicated to a group of motor vehicles that qualify for the rolling stock exemption, then the trailer qualifies for the exemption also.

- ◆ If one or more trailers is dedicated to a group of motor vehicles and not all of the motor vehicles qualify for the rolling stock exemption, then the percentage of trailers that qualify for the exemption is equal to the percentage of motor vehicles that qualify for the exemption. No fraction of a trailer will be allowed. For example, if 11 semitrailers are dedicated to 24 trucks, half of which qualify for the rolling stock exemption, 5 of the semitrailers qualify for the rolling stock exemption.

**Note:** If a trailer is not dedicated to a qualifying motor vehicle or motor vehicles, you must make the election between trips and mileage as explained under "Motor vehicles".

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### How to document the exemption

- ◆ **Complete Form RUT-7, Rolling Stock Certification.** We have revised Form RUT-7 to provide for blanket certificates for bulk purchases of repair and replacement parts and to incorporate changes

described in this bulletin. This form is available on our web site or you may contact us at the numbers or address listed on the front of this bulletin.

- ◆ **On the required tax return, indicate which method you will use — trips or mileage.** We are revising returns and instructions to accommodate the changes described in this bulletin. Until these forms are available, for purchases on or after July 1, 2004, write the certificate of authority number on the line provided. Next, write the word "Trips" or "Miles" beside the certificate of authority number to document which method will be used to qualify for the rolling stock exemption. If you do not indicate which option you have chosen, you will be deemed to have chosen the mileage method.
- ◆ **Document the motor vehicle or trailer's qualifying use in your books and records** (e.g., mileage records in log books and bills of lading).