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Bulletin

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New Requirements for Local Governments that Impose Local Sales Tax on Aviation Fuel and Related Information for Retailers

To: Local governments that impose a local tax on aviation fuel and retailers of aviation fuel

Effective December 1, 2017, in order to comply with Federal Aviation Administration guidelines, retailers of aviation fuel (i.e., jet fuel and aviation gasoline) were required to report and pay sales and use tax on aviation fuel on Form ST-70, Aviation Fuel Sales and Use Tax Return. Effective **December 1, 2019**, [Public Act \(P.A.\) 101-0010](#) adds additional requirements identified by the Federal Aviation Administration.

How will the 1.25% portion of the state 6.25% sales tax on aviation fuel be distributed?

Units of local government will no longer receive the 1.25% portion of the 6.25% state sales tax on sales of aviation fuel that occur within the unit of local government. Instead, that money will be deposited into the State Aviation Program Fund. [P.A. 101-0010](#) states that distributions from the Fund by the Illinois Department of Transportation (IDOT) to units of local government shall be proportionate, based on equal part enplanements, total cargo, and airport operations. The local government must use the funds for airport-related purposes.

What about locally imposed sales tax on aviation fuel?

If a unit of local government has a locally imposed sales tax, in order for that tax to be imposed on retail sales of aviation fuel, [P.A. 101-0010](#) requires the unit of local government to certify with IDOT that it has an airport-related purpose on which it will spend those tax revenues. If an airport-related purpose is certified, the locally imposed tax will be collected and deposited into the Local Government Aviation Trust Fund and then distributed back to the local government to be used exclusively for airport-related purposes. If the local government does not have an airport-related purpose on which it spends aviation fuel tax revenues, then the local tax is not imposed on sales of aviation fuel.

When do local governments need to certify with IDOT?

In order to continue to impose its local tax on aviation fuel sold at retail on or after December 1, 2019, units of local government must certify an airport-related purpose with IDOT on or before September 1, 2019. After the initial certification, units of local government will be required to recertify with IDOT that they have an airport-related purpose on or before April 1 and October 1 of each year. IDOT will provide the Illinois Department of Revenue (IDOR) with a list containing the local governments that have certified an airport-related purpose for which these tax revenues will be used. Use Form AER 625, Local Government Certification of Airport Related Purposes, available on IDOT's website at idot.illinois.gov to certify. For questions related to the certification process, contact IDOT.

Do retailers still report these sales on Form ST-70?

Yes. Retailers will still report and pay sales and use tax on aviation fuel on Form ST-70, Aviation Fuel Sales and Use Tax Return. If retailers have one business but sell aviation fuel at more than one location (site), sales and use taxes must be collected and remitted according to the rates at each particular location. Complete and attach Form ST-71, Multiple Site Form, and combine the liability on a single Form ST-70.

Does the sales tax rate on aviation fuel change with the new requirements?

It might. The state sales tax rate of 6.25 percent will remain the same. However, the rate imposed by the local government where the aviation fuel is sold might change, depending on the certification filed with IDOT by the unit of local government. IDOR will notify retailers if there is a rate change. In addition, when you file electronically using MyTax Illinois, available at mytax.illinois.gov, your rates will be populated for you. For a complete listing of statewide sales and use tax rates, see the Tax Rate Database available on IDOR's website at tax.illinois.gov.

Form ST-70 requires separate reporting of the 5 percent state portion of the 6.25 percent statewide sales and use tax rate, the 1.25 percent local portion of the 6.25 percent state tax rate, and the locally imposed tax, if any.

Are there any other changes that affect retailers of aviation fuel with the new requirements?

Yes. [P.A. 101-0010](#) also removes the discount on the 1.25% local portion of the 6.25% state tax and the locally imposed tax, if any. The discount is still allowed on the 5% state portion of the tax for timely filing and paying sales and use tax on aviation fuel. IDOR is revising Form ST-70, Aviation Fuel Sales and Use Tax Return. For sales of aviation fuel on or after December 1, 2019, the retailer's discount may only be taken for the 5% state portion of the tax.