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Bulletin

David Harris, Director

Municipalities and Counties may impose a local Cannabis Retailers' Occupation Tax beginning September 1, 2020

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

To: All Illinois Municipal and County Governments

For more information
Visit our website at:
tax.illinois.gov

Call us at:
217 785-6518

Email us at:
rev.localtax@illinois.gov

Public Acts 101-27 and 101-363 authorize municipalities (65 ILCS 5/8-11-22) and counties (55 ILCS 5/5-1006.8) to impose, by ordinance, a tax upon all persons engaged in the business of selling cannabis, other than medical cannabis, at retail in the municipality or county on the gross receipts from cannabis sales.

What is the tax rate that counties and municipalities can impose by ordinance on retail sales of cannabis?

Municipalities may impose a tax on retail sales of cannabis, other than medical cannabis, at a rate that may not exceed 3%, imposed in one-quarter percent (0.25%) increments. Counties may impose a tax (also in one-quarter percent increments) on retail sales of cannabis, other than medical cannabis, at the following rates:

- In unincorporated areas of the county, the rate may not exceed 3.75%.
- In a municipality located in the county, the rate may not exceed 3%.

As with any local government tax administered by the Illinois Department of Revenue (IDOR), municipalities and counties must submit their ordinances to IDOR by a statutory deadline in order to begin imposing the tax.

When must counties and municipalities submit cannabis ordinances to IDOR for those ordinances to take effect on September 1, 2020?

The law provides that if a proper ordinance is adopted and filed with IDOR on or before June 1, 2020, then IDOR will administer and enforce the tax beginning on September 1, 2020. Ordinances filed on or after June 2, 2020, will be implemented by IDOR on September 1st of the following year.

Municipalities and counties should submit their ordinances to the following address:

LOCAL TAX ALLOCATION DIVISION (3-500)
ILLINOIS DEPARTMENT OF REVENUE
101 W JEFFERSON
SPRINGFIELD IL 62702