

Illinois Department of Revenue Legislative Recap

2018 Spring Legislative Session

Income Tax

House Bill 3342, Public Act 100-0587

- **Hospital Tax Credit** - Extends the hospital credit to tax years ending on or before December 31, 2022. The hospital credit provides for a credit in an amount equal to the lesser of the amount of real property taxes paid during the tax year on real property used for hospital purposes during the prior tax year or the cost of free or discounted services provided during the tax year.
- **Adoption Tax Credit** - Creates an adoption credit of \$2,000 for children residing out-of-state and of \$5,000 for children residing in state for tax years ending on or after December 31, 2018.
- **Natural Disaster Tax Credit** - Extends the natural disaster credit to tax years beginning prior to January 1, 2019. The natural disaster credit provides for a credit not to exceed \$750 for taxpayers who experienced damage to qualified real property it owns. Requires the damage resulted from the natural disaster and the property is in a county in Illinois that was declared a State disaster area by the Governor due to flooding in 2017 or 2018.

House Bill 4751, Public Act 100-0905

College Savings Pool and ABLE Accounts - Amends the State Treasurer Act. Provides that the State Treasurer may establish and administer a College Savings Pool as a qualified tuition program under the Internal Revenue Code, and that the Pool may consist of one or more college savings programs. Provides that the State Treasurer, in administering the College Savings Pool, may receive, hold, and invest moneys paid into the Pool and perform such other actions as are necessary to ensure that the Pool operates as a qualified tuition program under the Internal Revenue Code. Provides provisions concerning administration, availability, fees, and investment restrictions of the Pool. Modifies the way in which investments, distributions, contributions, and bonds are made regarding the Pool. Provides that funds contained in a College Savings Pool account may be rolled over into an eligible ABLE account to the extent permitted by specified provisions of the Internal Revenue Code.

Amends the Illinois Income Tax Act. Provides for a modification to adjusted gross income concerning the transfer of moneys from a qualified tuition program that is administered by the State to an ABLE account established under an out-of-state ABLE account program. Effective for tax years beginning on or after January 1, 2018.

Senate Bill 1437, Public Act 100-0865

Standard Exemption - Amends the Illinois Income Tax Act. Extends the standard exemption COLA to taxable years ending on or before December 31, 2023.

Senate Bill 2868, Public Act 100-1014

Income Tax Checkoff - Creates an income tax checkoff for contributions to the Hunger Relief Fund. Effective for tax years ending on or after December 31, 2018.

Senate Bill 3527, Public Act 100-0629

River Edge Redevelopment Credit - Amends the Illinois Income Tax Act. Provides that the total amount of qualified expenditures used in determining a credit for such expenditures incurred in the restoration and preservation of a qualified historic structure located in a River Edge Redevelopment Zone, (i) must equal \$5,000 or more and (ii) must exceed the adjusted basis of the qualified historic structure on the first day the qualified rehabilitation plan begins. Provides that the taxpayer must submit a certification of costs prepared by an independent certified public accountant. Provides that the Department of Natural Resources shall determine the amount of eligible rehabilitation costs and expenses. Provides that the determination shall be made within 45 days of receipt of a complete application. Contains provisions concerning third-party audits.

Income Tax continued

Senate Bill 3527, Public Act 100-0629 continued

Provides that the River Edge Redevelopment Credit for phased projects may be granted upon completion of each phase. Provides that moneys in the Historic Property Administrative Fund shall be used to hire a qualified third party to prepare a biennial report to assess the overall economic impact to the State from qualified River Edge Redevelopment Zone rehabilitation projects. Provides for a 5-year carry forward.

Historic Preservation Tax Credit Act - Creates the Historic Preservation Tax Credit Act. For tax years beginning on or after January 1, 2019 and on or before December 31, 2023, creates an income tax credit equal to 25% of the qualified expenditures incurred by a qualified taxpayer undertaking a qualified rehabilitation plan of a structure that is located in Illinois and is defined as a certified historic structure under Section 47(c)(3) of the federal Internal Revenue Code. Provides that, to be eligible for the credit, the taxpayer must apply with the State Historic Preservation Office. Provides that the credit is limited to an aggregate annual cap of \$15 million and a per plan cap of \$3 million. Provides for recapture in certain situations.

Sales and Related Taxes

House Bill 3342, Public Act 100-0587

Marketplace Fairness Act - Creates the Marketplace Fairness Act. Beginning October 1, 2018, provides retailers whose cumulative gross receipts from sales of tangible personal property to Illinois purchasers of \$100,000 or more in a 12-month period or retailers who enter into 200 or more transactions for the sale of tangible personal property to purchasers in Illinois in a 12-month period are considered to have nexus in Illinois and thus are required to collect and remit use tax on those sales.

House Bill 4415, Public Act 100-0594

Coal and Mining Equipment Exemption - Extends the exemption for coal and aggregate exploration, mining, off-highway hauling, processing, maintenance, and reclamation equipment by providing it now sunsets on June 30, 2023.

House Bill 4507, Public Act 100-1032

Amends the Retailers' Occupation Tax Act. Provides that from March 1, 2010 to July 31, 2012 the exemption for manufacturing, assembling, or graphic arts machinery or equipment shall also apply to a business enterprise which (i) complies with certain job creation and investment criteria, (ii) receives certification from the Department of Commerce and Economic Opportunity, (iii) was a Department of Commerce and Economic Opportunity certified business enterprise in 2009, and (iv) retained a minimum of 500 full-time equivalent jobs in Illinois in 2009 and 2010, 675 full-time equivalent jobs in Illinois in 2011, 850 full-time equivalent jobs in Illinois in 2012, and 1,000 full-time equivalent jobs in Illinois in 2013. Provides that those jobs must have been created in the manufacturing sector as defined by the North American Industry Classification System.

House Bill 4724, Public Act 100-1006

Hydraulic Fracturing Exemption Certificate - Provides that first purchasers shall not be required to obtain exemption certificates from the producer until the first high volume horizontal hydraulic fracturing permit has been approved by the Department of Natural Resources after the effective date of the amendatory Act.

Senate Bill 3141, Public Act 100-0940

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, the Cigarette Tax Act, and the Cigarette Use Tax Act. Sets forth penalties for failure to keep or produce certain books and records. Requires distributors and secondary distributors who purchase cigarettes for shipment into Illinois from a point outside this State to make the invoices available for inspection upon demand by a duly authorized employee of the Department. Provides that the Department may assess taxes, penalties, and interest on original packages of cigarettes that do not contain property tax stamps. Provides that, if a person fails to produce records for inspection by the Department upon request, a prima facie presumption shall arise that the person has failed to keep the records so

required. Provides that the sale of individual or loose cigarettes is prohibited. Amends the Tobacco Products Tax Act of 1995 to make changes concerning penalties for failure to keep and produce books and records.

Property Tax

House Bill 5176, Public Act 100-0685

Amends the Code of Civil Procedure. In provisions concerning notices of judicial sale, provides that, in counties with a population of more than 3,000,000, the notice that appears in the section of the newspaper in which real estate other than real estate that is being sold as part of a legal proceeding is commonly advertised must be published in a newspaper that is (i) different from the newspaper that publishes other notices required by those provisions and (ii) published in the township in which the real estate is located.

Senate Bill 486, Public Act 100-0781

Amends the Property Tax Code. Provides that, beginning in assessment year 2018, the fair cash value of commercial solar energy system improvements in counties with fewer than 3,000,000 inhabitants shall be determined by subtracting the allowance for physical depreciation from the trended real property cost basis. Provides that "allowance for physical depreciation" means (i) the actual age in years of the commercial solar energy system on the assessment date divided by 20 years multiplied by (ii) its trended real property cost basis. Provides that "trended real property cost basis" means the commercial solar energy system real property cost basis multiplied by the trending factor. Provides that "trending factor" means a number equal to the Consumer Price Index for the December immediately preceding the assessment date, divided by the Consumer Price Index for December of 2017. Provides that commercial solar energy systems subject to that valuation are not subject to equalization factors applied by the Department of Revenue or any board of review, assessor, or chief county assessment officer. Contains provisions concerning economic incentives for commercial solar energy systems. Provides that the Division applies for assessment years 2018 through 2033.

Senate Bill 585, Public Act 100-1070

Amends the Property Tax Code. Provides that each tax purchaser shall pay to the county collector an automation fee set by the county collector of not more than \$10 for each item purchased (currently, each county collector may assess such a fee). Provides that the indemnity fee in counties with less than 3,000,000 inhabitants shall be not more than \$20 (currently, the fee is \$20). Makes changes concerning the fee imposed by the county board on each person purchasing property at a sale under the Code for payment of interest and costs.

In a Section concerning tax sale procedures, provides that county collectors may, when applicable, eject tax bidders who disrupt the tax sale or use illegal bid practices.

Senate Bill 2274, Public Act 100-0834

Amends the Property Tax Code. Provides that a transfer between spouses does not disqualify wooded acreage from the provisions for the assessment of un-transferred wooded acreage.

Senate Bill 2306, Public Act 100-0869

Amends the Property Tax Code. Provides that the homestead exemption for veterans with disabilities shall be prorated if the person qualifying for the exemption does not occupy the qualified residence as of January 1 of the taxable year.

Senate Bill 2539, Public Act 100-0975

Amends the Property Tax Code. In a Section requiring a receipt for payment of certain fees and costs incurred by a certificate holder, provides that the county clerk shall write or stamp the date of receiving upon the receipt. In a Section concerning notice of an extended period of redemption, provides that the county clerk shall write or stamp the date of receipt upon the notice, and provides that the county clerk is not required to extend the period of redemption unless the purchaser or his or her assignee obtains that acknowledgement of delivery.

Senate Bill 3085, Public Act 100-1095

Provides that county collectors shall no longer publish (in the engrossed bill, publish or send notice) of delinquent or forfeited property taxes for certain undeveloped but platted and subdivided property or for any other exempt property.

Senate Bill 3093, Public Act 100-1077

Amends the Property Tax Code. Makes changes concerning the maximum reduction under the general homestead exemption for life care facilities.

Property Tax continued

Senate Bill 3215, Public Act 100-0890

Amends the Property Tax Code. In provisions concerning sales in error, provides that, in cases where improvements upon the property sold have been substantially destroyed or rendered uninhabitable or otherwise unfit for occupancy, the court may order the holder of the certificate of purchase to assign the certificate to the county collector, upon request of the county collector. Provides that the county collector may further assign the certificate to the county, acting as trustee for taxing districts, or to a taxing district having an interest in the taxes sold. Provides that, if the certificate of purchase is assigned to the county delinquent tax agent because the improvements have been substantially destroyed or rendered uninhabitable or otherwise unfit for occupancy, then the county delinquent tax agent shall extend the redemption period by 36 months.

Local Government

House Bill 3342, Public Act 100-0587

- Provides allocations to LGDF, PTF, and DPTF are reduced by 5% for FY 19 (reduced by 10% for FY 18).
- Reduces administrative fees for collection of 11 local government sales taxes from 2.0% to 1.5%.
- For FY 19, provides school districts with PPRT receipts totaling 13% or more shall receive 16% of the total amount distributed to the school district during FY 17, provided the total amount of additional distributions does not exceed \$4,300,000.

Liquor Control

House Bill 4897, Public Act 100-0816

Amends the Liquor Control Act of 1934. Authorizes a brewer, class 1 brewer, or class 2 brewer to sell beer manufactured by any other brewer, class 1 brewer, or class 2 brewer to non-licensees and to sell cider. Authorizes a distributor licensee to sell beer, cider, or both beer and cider to brewers, class 1 brewers, and class 2 brewers that, pursuant to a specified provision of the Act, sell beer, cider, or both beer and cider to non-licensees at their breweries.

Provides that if the State Commission provides prior approval, a class 1 brewer may annually transfer up to 930,000 gallons of beer manufactured by that class 1 brewer to the premises of a licensed class 1 brewer wholly owned and operated by the same licensee. Provides that a class 2 brewer may transfer beer to a brew pub wholly owned and operated by the class 2 brewer subject to the following limitations and restrictions: (i) the transfer shall not annually exceed more than 31,000 gallons; (ii) the annual amount transferred shall reduce the brew pub's annual permitted production limit; (iii) all beer transferred shall be subject to specified provisions concerning taxation; (iv) a written record shall be maintained by the brewer and brew pub specifying the amount, date of delivery, and receipt of the product by the brew pub; and (v) the brew pub shall be located no farther than 80 miles from the class 2 brewer's licensed location. Provides that a class 2 brewer shall, prior to transferring beer to a brew pub wholly owned by the class 2 brewer, furnish a written notice to the State Commission of intent to transfer beer setting forth the name and address of the brew pub and shall annually submit to the State Commission a verified report identifying the total gallons of beer transferred to the brew pub wholly owned by the class 2 brewer.

Creates a brewer warehouse permit that may be issued to the holder of a class 1 brewer license or a class 2 brewer license. Provides that if the holder of the permit is a class 1 brewer licensee, the brewer warehouse permit shall allow the holder to store or warehouse up to 930,000 gallons of tax-determined beer manufactured by the holder of the permit at the premises specified on the permit. Provides that if the holder of the permit is a class 2 brewer licensee, the brewer warehouse permit shall allow the holder to store or warehouse up to 3,720,000 gallons of tax-determined beer manufactured by the holder of the permit at the premises specified on the permit. Provides that sales to non-licensees are prohibited at the premises specified in the brewer warehouse permit. Further amends the Liquor Control Act of

1934 to establish a fee for the brewer warehouse permit.

Liquor Control continued

Senate Bill 2436, Public Act 100-0663

Amends the Liquor Control Act of 1934. In a provision prohibiting the issuance or renewal of licenses to sell alcoholic liquor at retail within 100 feet of churches, schools, hospitals, and certain other buildings, provides that a local liquor control commissioner may grant an exemption to that prohibition if a local rule or ordinance authorizes the local liquor control commissioner to grant that exemption.

Senate Bill 3019, Public Act 100-0885

Amends the Liquor Control Act of 1934. Makes changes to provisions concerning signage, including raising the limit on the cost of signs that may be provided to a retailer and removing the cost adjustment factor for the limit on the cost of signs that may be provided to a retailer. Provides that all permanent inside signs, except alcohol lists and menus, are the property of the manufacturer, distributor, or the importing distributor and shall be returned to the manufacturer, distributor, or the importing distributor upon request.

Senate Bill 3022, Public Act 100-1050

Amends the Executive Reorganization Implementation Act and the Liquor Control Act of 1934. Provides for the separation of the Illinois Liquor Control Commission from the Department of Revenue. Provides that the Governor shall appoint the Executive Director of the Commission for a 4-year term, with the advice and consent of the Senate. Provides that the Department may not examine a tax return before 90 days after it is filed.

Provides that to the extent Executive Order No. 2003-9 transferred personnel and the Executive Director (rather than personnel) to the Department of Revenue from the State Commission, those personnel and the Executive Director (rather than personnel) shall be transferred to the State Commission. Provides that the status and rights (rather than rights) of the employees and the State of Illinois and its agencies under the Personnel Code, the Illinois Public Labor Relations Act, and applicable collective bargaining agreements (rather than the Personnel Code and applicable collective bargaining agreements) shall not be affected by the amendatory Act. Adds the Executive Director to provisions concerning the oath of office, disqualification from office, soliciting or accepting gifts, and reimbursement for traveling expenses. In a provision concerning non-resident dealer's licenses, provides that filing a specified registration statement authorizes the non-resident dealer to proceed to sell certain brands at wholesale. Effective July 1, 2019, except that certain provisions in the Liquor Control Act of 1934 take effect upon becoming law.

General / Miscellaneous

House Bill 4213, Public Act 100-0651

Provides that any State-owned motor vehicle requiring maintenance in the form of an oil change shall have such maintenance performed according to the applicable Department of Central Management Services policy which considers the manufacturer's suggested oil change frequency for that vehicle's particular make, model, and year. Provides that the Department shall evaluate the original equipment manufacturer's oil change interval recommendations and other related impacts periodically and consider policy adjustments as is cost and operationally efficient for the State.

Senate Bill 405, Public Act 100-0698

Provides that each bidder who submits a bid or offer for a State contract under the Procurement Code shall have a sexual harassment policy in accordance with specified provisions of the Illinois Human Rights Act. Amends the Economic Development for a Growing Economy Tax Credit Act. Provides that in order to qualify for Credits under the Act, an applicant's project must, among other requirements, include a sexual harassment policy report. Provides for the contents and further requirements of the sexual harassment policy report. Amends the Illinois Human Rights Act. Adds provision requiring each bidder who submits a bid or offer for a State contract under the Illinois Procurement Code to

have a written copy of the bidder's sexual harassment policy.

Senate Bill 2644, Public Act 100-0880

Amends the Illinois Administrative Procedure Act. Provides that notice to parties in a contested case under the Act shall be served, among other forms of service, by email. Provides that parties in a contested case under the Act shall be

General / Miscellaneous continued

Senate Bill 2644, Public Act 100-0880 continued

notified, among other forms of notification, by email of any decision or order in that case. Provides for specified requirements for the consent of service by email. Provides that an agency may request, but not require, unless otherwise required by law, an unrepresented party to designate an email address to which specified documents may be transmitted. Provides that no document described in specified provisions may be served by email to the extent the documents contains certain specified information. Provides that service by email is deemed complete on the day of transmission. Provides that agencies that use email to service documents shall adopt rules that specify the standard for confirming delivery, and in failure to confirm delivery, what steps the agency will take to ensure that service by email or other means is accomplished.

Senate Bill 2919, Public Act 100-0721

Unified Economic Development Budget - Changes the timeframe for data that must be included in the Unified Economic Development Budget. Provides that the Unified Economic Development Budget shall include the aggregate amount of uncollected or diverted State tax revenues resulting from each type of development assistance, as reported for tax years beginning during the third preceding calendar year.

Senate Bill 2958, Public Act 100-0722

State Tax Lien Registry - Amends the State Tax Lien Registration Act. Provides that the notice of tax lien shall also include the county or counties where the real property of the debtor to which the lien will attach is located. Provides that a tax lien that is filed in the registry shall be attached to all of the existing and after-acquired real and personal property of the debtor.