

Illinois Department of Revenue Legislative Recap

2019 Spring Legislative Session

(Reflects action as of November 8, 2019)

Income Tax

Senate Bill 1, Public Act 101-0001

Minimum Wage/Withholding Tax Credit - Amends the Illinois Income Tax Act and the Minimum Wage Law. Provides for an increase in the minimum wage and for a credit against withholding payments in relation to the increase. Increases the minimum wage to \$9.25 per hour beginning January 1, 2020. Provides for annual increases in the minimum wage culminating in a minimum wage of \$15 per hour beginning on January 1, 2025. Provides employers with 50 or fewer full-time equivalent employees a credit against withholding tax for reporting periods beginning on or after January 1, 2020. Provides for a reduction in the credit each year beginning January 1, 2021. Provides employers may claim the credit for reporting periods beginning on or after January 1, 2020 and end on or before December 31, 2026 and that employers with no more than 5 employees may claim the credit for reporting periods ending on or before December 31, 2027. Authorizes the Department of Labor to perform random audits of employer to ascertain compliance with the Minimum Wage Law. Authorizes a penalty of \$100 per employee for failure to maintain required records.

Senate Bill 687, Public Act 101-0008

The following provisions only become effective if Senate Joint Resolution Constitutional Amendment No. 1 of the 101st General Assembly is approved by voters of the State prior to January 1, 2021.

- **Fair Tax rates** - Amends the Illinois Income Tax Act. Sets forth a schedule of income-based tax rates for individuals, trusts, and estates for taxable years beginning on or after January 1, 2021. Provides that, for taxable years beginning on or after January 1, 2021, the tax on corporations shall be imposed at the rate of 7.99% of the taxpayer's net income for the taxable year.
- **Child tax credit** - Amends the Illinois Income Tax Act. Creates a \$100 child tax credit for each child who is under 17 and for whom the taxpayer is allowed an additional exemption under Section 204 of the IITA. Reduces the credit by \$5 for each \$2,000 of net income that exceeds \$60,000 in the case of a joint return and that exceeds \$40,000 in the case of any other return.
- **Property tax credit** - Amends the Illinois Income Tax Act. Provides that the income tax credit for property taxes shall be equal to 6% (currently, 5%) of real property taxes paid by the taxpayer during the taxable year on the principal residence of the taxpayer.

Senate Bill 689, Public Act 101-0009

- **De-couple from the Tax Cuts and Jobs Act** - Amends the Illinois Income Tax Act. For taxable years beginning after December 31, 2018, creates an addition modification equal to the deduction allowed under Section 250(a)(1)(A) of the IRC. For taxable years beginning after December 31, 2018 and before January 1, 2026, creates a deduction in the amount of excess business loss disallowed as a deduction by Section 461(l)(1)(B) of the IRC.
- **Blue-Collar Jobs Act** - Amends the Illinois Enterprise Zone Act and the Illinois Income Tax Act. For taxable years beginning on or after January 1, 2021, creates a High Impact Business construction jobs credit and an Enterprise Zone construction jobs credit. Provides the total aggregate of credits awarded shall not exceed \$20,000,000 in any State fiscal year.

Senate Bill 690, Public Act 101-0031

- Amends the Illinois Income Tax Act. For taxable years beginning on or after January 1, 2019, creates a data center construction employment tax credit. Provides the amount of the credit shall be 20% of the wages paid during the taxable year to a full-time or part-time employee of a construction contractor employed by a certified data center if certain other conditions are met.

Income Tax continued

Senate Bill 690, Public Act 101-0031 continued

- Amends the Illinois Income Tax Act. For taxable years 2019 through 2027, imposes an income tax surcharge on income arising from the sale or exchange of capital assets, depreciable business property, real property used in the trade or business, and Section 197 intangibles of licensed horse racing and gambling organizations.
- Amends the Illinois Income Tax Act. For taxable years ending on or after December 31, 2019, sources Illinois gambling winnings to Illinois.
- Amends the Illinois Income Tax Act. For payments made after December 31, 2019, requires withholding on Illinois gambling winnings of non-residents.

Senate Bill 1257, Public Act 101-0545

De-couple from the Tax Cuts and Jobs Act - Amends the Illinois Income Tax Act. For taxable years beginning on or after January 1, 2019, the base income of an organization that is exempt from the federal income tax by reason of the Internal Revenue Code shall be determined without regard to Section 512(a)(7) of the IRC.

Senate Bill 1515, Public Act 101-0545

Re-defines compensation paid in Illinois - Amends the Illinois Income Tax Act. Provides that, for purposes of being liable for income tax, compensation is paid in this State if some of the individual's service is performed within this State, the individual's service performed within this State is nonincidental to the individual's service performed without this State, and the individual's service is performed within this State for more than 30 working days during the tax year. Contains provisions concerning the calculation of compensation paid in this State if the employer maintains a time and attendance system. Effective for taxable years ending on or after December 31, 2020.

Senate Bill 1591, Public Act 101-0207

- **Research and Development Credit** - Amends the Illinois Income Tax Act. Extends the sunset date of the Research and Development credit under IITA Section 201(k) to tax years ending prior to January 1, 2027.
- **Apprenticeship Education Expense Credit** - Creates a Department of Commerce and Economic Opportunity administered income tax credit for qualifying education expenses on behalf of a qualifying apprentice. The apprentice education expense credit applies against the regular income tax in an amount equal to 100% of qualifying education expenses incurred by an employer with respect to a qualifying apprentice. The credit is capped at \$3,500 per qualifying apprentice per taxable year. However, an additional \$1,500 flat credit amount is allowed if the apprentice resides in certain defined underserved areas. Provides taxpayers in aggregate may claim no more than \$5,000,000 in credit in any calendar year. Effective for taxable years beginning on or after January 1, 2020.

Senate Bill 1595, Public Act 101-0178

Extends the Film Production Services Tax Credit - Amends the Film Production Services Tax Credit Act of 2008. Provides that a taxpayer may not take a credit awarded under that Act for tax years beginning on or after January 1, 2027.

Senate Bill 1726, Public Act 101-0588

Amends the Alzheimer's Disease Assistance Act. Changes the name of the Alzheimer's Disease Research Fund checkoff to the Alzheimer's Disease Research, Care, and Support Fund checkoff.

Senate Bill 1800, Public Act 101-0355

Estimated payment threshold - Amends the Illinois Income Tax Act. Increases the threshold for when individuals are required to make estimated income tax payments from \$500 to \$1,000. Effective for taxable years ending on or after December 31, 2019.

Senate Bill 1814, Public Act 101-0010

Lowers 1099k reporting threshold - Amends the Illinois Income Tax Act. For reporting periods beginning on or after January 1, 2020, a person is required to file a federal Form 1099-K with the Department of Revenue if the amount of reportable transactions exceeds \$1,000 and the aggregate number of those transactions exceeds 3. Provides that failure to provide that information shall result in a penalty for failure to file an information return.

Sales and Related Taxes

Senate Bill 689, Public Act 101-0009

- **Marketplace Facilitators** - Requires marketplace facilitators to collect Use Tax on all transactions occurring on its marketplace. Effective January 1, 2020.
- **Manufacturing Machinery and Equipment Exemption** - Extends the Manufacturing Machinery and Equipment exemption to production-related tangible personal property. Effective July 1, 2019.

Senate Bill 690, Public Act 101-0031

- **Cigarette tax increase** - Amends the Cigarette Tax Act. Increases the cigarette tax from 99 mills per cigarette to 149 mills per cigarette. Imposes a cigarette floor stock tax. Effective July 1, 2019.
- **Tax on e-Cigarettes** - Amends the Tobacco Products Tax Act of 1995. Imposes a tax on e-Cigarettes at a rate of 15% of the wholesale price of e-Cigarettes sold and otherwise disposed of to retailers or consumers. Effective July 1, 2019.
- **Data centers exemption** - Creates an exemption for qualified tangible personal property used in the construction or operation of data centers that have been granted a certification of exemption from the Department of Commerce and Economic Opportunity.
- **Parking Excise Tax** - Creates the Parking Excise Tax Act. Imposes a tax at the rate of 6% of the purchase price for a parking space paid hourly, daily, or weekly. Imposes a tax at the rate of 9% of the purchase price of a parking space paid monthly or annually. Effective January 1, 2020.
- **Trade-in credit limit** - Limits the tax credit to the first \$10,000 of the selling price for traded-in motor vehicles of the First Division. Effective January 1, 2020.
- Creates the Leveling the Playing Field for Illinois Retail Act. Effective July 1, 2020.

Senate Bill 1814, Public Act 101-0010

Compliance with FAA regulation - In response to a FAA regulation, makes numerous changes to bring Illinois into compliance with revenue-use restrictions on tax collected on sales and use of aviation fuel.

Senate Bill 1939, Public Act 101-0032

- **Motor fuel tax increase** - Amends the Motor Fuel Tax Law. Increases the motor fuel tax to \$0.38 per gallon and increases the diesel surcharge to \$0.075 per gallon. Provides for an annual increase to be computed by the Department based on the CPI. Effective July 1, 2019.
- **Motor fuel tax deposits** - Provides the amount estimated to represent 16% of net revenue realized from the sales tax collected on motor fuel and gasohol are to be paid into the Road Fund. Provides the percentage paid to the Road Fund increases by 16% in subsequent fiscal years until it reaches 80% in FY 2026. Effective July 1, 2021.
- **Local motor fuel tax** - Amends the Illinois Municipal Code. Authorizes municipalities in counties with a population exceeding 3,000,000 to impose a tax on motor fuel to be administered by the Department at a rate not to exceed \$0.03 per gallon.
- **County motor fuel tax** - Amends the County Motor Fuel Tax Law. Authorizes Lake and Will counties to impose a county motor fuel tax. Provides the minimum tax that can be imposed is \$0.04 per gallon. Provides the maximum tax that can be imposed is \$0.08 per gallon for all counties authorized to impose a county motor fuel tax. Provides for an annual increase to be computed by the Department.

Property Tax

House Bill 250, Public Act 101-0379

Amends the Property Tax Code and the Mobile Home Local Services Tax Enforcement Act. Provides that a county with fewer than 3,000,000 inhabitants may, by joint agreement, combine its tax sale with the tax sale of one or more other contiguous counties. Provides that a joint tax sale shall be held at a location in one of the participating counties.

Property Tax continued**House Bill 250, Public Act 101-0379 continued**

Provides that, if property contains a hazardous substance, hazardous waste, or an underground storage tank, 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. In a Section that allows a tax purchase be set aside as a sale in error if a county, city, village, or incorporated town has an interest in the property under the police and welfare power by advancements made from public funds, provides that such a sale in error may not be granted if the lien has been released, satisfied, discharged, or waived. Effective January 1, 2020.

House Bill 833, Public Act 101-0453

Senior Citizens Homestead Exemption - Amends the Property Tax Code. Provides that in a county with 3,000,000 or more inhabitants, for taxable years 2020 through 2024, a taxpayer who has been granted a senior citizens homestead exemption need not reapply (currently, the taxpayer must reapply annually). Provides that, if the property ceases to be qualified for that exemption in any year for which a reapplication is not required, then the owner of record of the property shall notify the chief county assessment officer that the property is no longer qualified. Provides that the chief county assessment officer shall enter into intergovernmental agreements with the county clerk of his or her county and the Department of Public Health, as well as any other appropriate governmental agency, to obtain information that documents the death of a taxpayer who has been granted a senior citizens homestead exemption. Makes conforming changes in provisions concerning erroneous homestead exemptions.

House Bill 2243, Public Act 101-0091

Assessor qualifications - Amends the Property Tax Code. Eliminates the dual continuing education requirements for Certified Illinois Assessing Officers (CIAOs), provides that the Department shall certify all candidates to office regardless of the designation being used to qualify, and provides additional acceptable designations for qualification to hold office. Effective immediately. Effective immediately.

House Bill 2578, Public Act 101-0186

High speed rail exemption - Amends the Property Tax Code. Provides that an increase in a property's overall valuation that are directly attributable to the investment, improvement, replacement, or expansion of railroad operating property through State or federal government programs necessary for high speed passenger rail transportation shall be excluded from valuation of its real property improvements through December 31, 2029 (currently, those provisions sunset on December 31, 2019). Effective immediately.

House Bill 3143, Public Act 101-0150

Selection of County Assessor - Amends the Property Tax Code. Provides a county with less than 3,000,000 inhabitants may, upon referendum approval, change the manner in which it selects its county assessor or county supervisor of assessments from an elected position to an appointed position or from an appointed position to an elected position. Effective immediately.

Senate Bill 39, Public Act 101-0077

Property Tax Relief Fund - Amends the State Finance Act. Creates the Illinois Property Tax Relief Fund. Provides that moneys in the Illinois Property Tax Relief Fund shall be used to pay rebates to residential property taxpayers in the State. Provides that the Fund may accept moneys from any lawful source. Provides that the State Comptroller shall calculate a property tax rebate amount for the applicable property tax year by dividing the total amount appropriated from the Illinois Property Tax Relief Fund by the total number of homestead exemptions granted for homestead property in the State. Provides that the property tax bills of non-delinquent taxpayers who received a general homestead exemption under the Property Tax Code shall be reduced by the property tax rebate amount. Effective July 1, 2020.

*Property Tax continued***Senate Bill 158, Public Act 101-0398**

Exemption of property owned by taxing district - Amends the Property Tax Code. Provides that, for a municipality with a population over 100,000, all property owned by the municipality, or property interests or rights held by the municipality, regardless of whether such property, interests, or rights are, in whole or in part, within or without its corporate limits, that is used for toll road or toll bridge purposes and that is leased or licensed for those purposes to another entity whose property or property interests or rights are not exempt shall remain exempt, and any leasehold interest in such property, interest, or rights shall not be subject to property taxes. Effective immediately.

Senate Bill 1041, Public Act 101-0198

Notification of delinquent taxes - Amends the Property Tax Code. Provides that, in a county with more than 800,000 inhabitants but fewer than 1,000,000 inhabitants, if a lessee is liable for the payment of property taxes extended against property that is owned by a taxing district, the county treasurer shall promptly notify the taxing district that owns the property if the property taxes are delinquent 60 days after the second installment due date. Authorizes the State's Attorney in that county to bring an action against the lessee in circuit court. Effective January 1, 2020.

Senate Bill 1055, Public Act 101-0199

Assessment of water treatment facilities - Amends the Property Tax Code. Provides that, on and after January 1, 2020, applications for assessment as a qualified water treatment facility shall be made to the Department of Revenue.

Senate Bill 1456, Public Act 101-0551

Exemption for certain leased property - Amends the Property Tax Code. Provides that the exemption for leaseback property and qualified leased property only applies to property used for parking. Further provides that if any portion of the property is used for a purpose other than parking that portion of the property shall be subject to taxation for the period of time in which it is used for that non-exempt purpose. Effective January 1, 2020.

Senate Bill 1932, Public Act 101-0181

Property Tax Relief Task Force - Amends the Property Tax Code. Creates the Property Tax Relief Task Force. Provides that the Task Force shall identify the causes of increasingly burdensome property taxes across Illinois, review best practices in public policy strategies that create short-term and long-term property tax relief for homeowners, and make recommendations to assist in the development of short-term and long-term administrative, electoral, and legislative changes needed to create short-term and long-term property tax relief for homeowners. Provides for the membership of the Task Force. Provides that the Task Force shall submit its initial report to the Governor and the General Assembly within 90 days of the effective date of this amendatory Act and provides that the Task Force shall submit its final report to the Governor and the General Assembly by December 31, 2019.

Local Government**Senate Bill 687, Public Act 101-0008**

The following provision only becomes effective if Senate Joint Resolution Constitutional Amendment No. 1 of the 101st General Assembly is approved by voters of the State prior to January 1, 2021.

Beginning on February 1, 2021, the monthly transfers from the General Revenue Fund to the Local Government Distributive Fund shall be equal to the sum of (i) 5.32% of the net revenue realized from the tax imposed upon individuals, trusts, and estates during the preceding month and (ii) 6.16% of the net revenue realized from the tax imposed upon corporations during the preceding month.

Senate Bill 1814, Public Act 101-0010

- **PPRT Allocations** - Continues payments for public community college base operating grants and local health protection grants to certified local health departments from PPRT.
- **5% reductions continued** - Continues 5% reduction in deposits from GRF to the Downstate Public Transportation

Fund. Continues 5% reduction in deposits from GRF to LGDF from income tax receipts. Provides the first \$150 million (previously \$100 million) that should be transferred from GRF to the Public Transportation Fund shall be transferred from the Road Fund and continues 5% reduction in deposits from GRF to the Public Transportation Fund.

Senate Bill 1939, Public Act 101-0032

See Sales and Related Taxes section.

Liquor Control

House Bill 2577, Public Act 101-0037

Amends the Liquor Control Act of 1934. Excludes manufacturers and importing distributors that in the preceding year had less than \$50,000 of tax liability under the Taxation of Liquor Article from a provision requiring manufacturers and importing distributors to file a specified bond with the Department of Revenue. Provides that investigators of the State Commission are peace officers with jurisdiction, including arrest powers, throughout the State.

House Bill 2675, Public Act 101-0482

Amends the Liquor Control Act of 1934. Provides craft distillers with parity with the craft brewers. Separates the “craft distiller” license into a “class 1 draft distiller” and a “class 2 craft distiller.” Creates a “distilling pub” license. Creates a “craft distiller warehouse permit,” which is similar to the brewer’s warehouse permit. Allows class 1 craft distillers and class 2 craft distillers to sell their own spirits and any other manufacturer’s vermouth at their licensed premises. Provides if a class 2 craft distiller also owns distilling pubs, they cannot sell from more than three locations, which must be designated to the Commission.

House Bill 3604, Public Act 101-0156

Amends the Liquor Control Act of 1934. Provides that a vote to prohibit sales at retail of alcoholic liquor (or alcoholic liquor other than beer containing not more than 4% of alcohol by weight or alcoholic liquor containing more than 4% alcohol by weight in the original package and not for consumption on the premises) in a precinct in a city, village, or incorporated town of more than 200,000 inhabitants shall not apply to retail sales of alcoholic liquor by a specific private institution of higher learning or an affiliate thereof.

House Bill 3610, Public Act 101-0517

Amends the Liquor Control Act of 1934. Allows commonly-owned brew pubs to aggregate their overall production limits and reallocate those amounts as they wish, so long as the total production of all brew pubs does not exceed the total aggregated amount. Provides definitions, procedures and requirements for the filling of growlers by retailers. Allows on-premises retailers to fill growlers to be consumed off-premises.

Senate Bill 1831, Public Act 101-0016

Amends the Liquor Control Act of 1934. Allows for the return of unused, saleable beer from special use permittees and caterers, under certain circumstances. Makes a change to the maximum dollar amount allowed for permanent outside signs. Codifies an existing rule into statute related to consignment sales and service or inspection of draft systems. Provides for leasing of certain dispensing equipment for a set period of time. Updates the definition of beer for taxing purposes to include flavored-malt beverages, which had at times been subjected to the higher tax rates of wine and/or spirits. Codifies Department processes for matching liquor returns.

General / Miscellaneous

House Bill 1438, Public Act 101-0027

Cannabis Regulation and Tax Act - Creates the Cannabis Regulation and Tax Act. Imposes the Cannabis Cultivation Privilege Tax at 7% of gross receipts. Imposes the Cannabis Purchaser Excise Tax at i) 10% of the purchase price if the THC level is at or below 35%, ii) 25% of the purchase price if the THC level is above 35%, and iii) 20% of the purchase

price for cannabis-infused products. Authorizes imposition of a County Cannabis Retailers' Occupation Tax at up to 3.75% of gross receipts in unincorporated areas and up to 3.00% of gross receipts in a municipality located in a county.

General / Miscellaneous continued

House Bill 1438, Public Act 101-0027 continued

(Note: The provisions of the County Cannabis Retailers' Occupation Tax as provided here are reflective of changes included in PA 101-0363). Authorizes imposition of a Municipal Cannabis Retailers' Occupation Tax of up to 3.00% of gross receipts. Makes numerous other changes to implement the Act.

House Bill 2237, Public Act 101-0466

Illinois Higher Education Savings Program - Amends the State Treasurer Act. Establishes the Illinois Higher Education Savings Program within the State Treasurer's Office. Directs the Department of Revenue to provide information related to births and adoptions for purposes of identifying children eligible for enrollment in the program.

Senate Bill 61, Public Act 101-0295

Collection of administrative fines - Amends the Animal Welfare Act. Provides that any penalty assessed by the Department of Agriculture under the Animal Welfare Act of \$500 or more and that is not paid within 120 days of issuance shall be submitted to the Department of Revenue for collection as provided for under the Illinois State Collection Act of 1986. Makes other changes.

Senate Bill 171, Public Act 101-0400

Drycleaner Environmental Response Trust Fund - Amends the Drycleaner Environmental Response Trust Fund Act. Changes the repeal date for specified fee and tax provisions from January 1, 2020 to January 1, 2030. Increases facility license fees.

Senate Bill 689, Public Act 101-0009

Tax Amnesty Program - Amends the Tax Delinquency Amnesty Act. Creates a tax amnesty program for the period beginning October 1, 2019 through November 15, 2019 for tax liabilities incurred during taxable periods after June 30, 2011 and prior to July 1, 2018. Provides that penalties and interest shall be abated for any taxpayer for the period of time for which amnesty has been granted to the taxpayer.

Senate Bill 1899, Public Act 101-0423

State Tax Lien Registration Act - Amends the State Tax Lien Registration Act. Provides Department of Employment Security liens created under the Unemployment Insurance Act shall be recorded under the State Tax Lien Registration Act rather than with the county recorder of deeds.

Senate Bill 2023, Public Act 101-0363

Compassionate Use of Medical Cannabis Pilot Program Act - Amends the Compassionate Use of Medical Cannabis Pilot Program Act. Removes the word "Pilot" from the Act's short title and the Compassionate Use of Medical Cannabis Pilot Program. Makes conforming changes throughout the Act and statutes. Provides that if and only if House Bill 1438 becomes law, then the Counties Code is amended. Provides that County Cannabis Retailers' Occupation Tax may not exceed: (i) 3.75% of the gross receipts of sales made in unincorporated areas of the county; and (ii) 3% of the gross receipts of sales made in a municipality located in the county (removing provisions limiting to 0.75% of the gross receipts of sales made in a municipality located in a non-home rule county and 3% of gross sales receipts made in a municipality located in a home rule county).