

The \$10,000 cap on the trade-in credit allowed for the trade-in of first division motor vehicles does not apply to boats. See 35 ILCS 120/1 and 86 Ill. Adm. 130.425. (This is a GIL.)

April 27, 2021

Dear NAME:

This letter is in response to your letter in which you requested information. The Department issues two types of letter rulings. Private Letter Rulings (“PLRs”) are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department’s regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter (“GIL”) is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I am writing to request guidance on SB0690 going into effect January 1, 2020. We are a marina and boat dealer located in CITY, IL and are unsure if the “trade-in rule” applies to boats. Below is an excerpt of the specific piece of the law I am referring to.

“beginning January 1, 2020, “selling price” includes the portion of the value of or credit given for traded-in motor vehicles of the First Division as defined in Section 1-146 of the Illinois Vehicle Code of like kind and character as that which is being sold that exceeds \$10,000.”

Our question is, in the context of SB0690 and section [sic] Section 1-146 of the Illinois Vehicle Code, are boats considered vehicles?

**DEPARTMENT’S RESPONSE:**

Senate Bill 0690 was passed into law as Public Act 101-0031, and the provisions mentioned in your letter took effect January 1, 2020. Specifically, the definition of “Selling Price” in Section 1 of the Retailers’ Occupation Tax Act (35 ILCS 120/1; 86 Ill. Adm. Code 130.425) was amended by P.A. 101-0031 by adding the following language:

[B]eginning January 1, 2020, “selling price” includes the portion of the value of or credit given for traded-in motor vehicles of the First Division as defined in Section 1-146 of the Illinois Vehicle Code of like kind and character as that which is being sold that exceeds \$10,000.

Section 1-146 of the Illinois Vehicle Code, in relevant part, defines “motor vehicle” as:

Every vehicle which is self-propelled and every vehicle which is propelled by electric power obtained from overhead trolley wires, but not operated upon rails except for vehicles moved solely by human power, motorized wheelchairs, low-speed electric bicycles, and low-speed gas bicycles. For this Act, motor vehicles are divided into two divisions: First Division: Those motor vehicles which are designed for the carrying of not more than 10 persons.

Section 1-217 of the Illinois Vehicle Code, in relevant part, defines “vehicle” as “[e]very device, in, upon or by which any person or property is or may be transported or drawn upon a highway.”

Generally, the Illinois Vehicle Code promotes the safety of persons and property in connection with the use, operation, and equipment of motor vehicles as defined above. See 625 ILCS 5/1-100 et seq. Similarly, the Boat Registration and Safety Act codified the policy of the State of Illinois to promote safety for persons and property in and connected with the use, operation and equipment of vessels and to promote uniformity of laws relating thereto. 625 ILCS 45/1-1. “Vessel” or “Watercraft” means every description of watercraft used or capable of being used as a means of transportation on water . . . and boats designed and used exclusively for such concessions. 625 ILCS 45/1-2. Given the definitions provided in the Illinois Vehicle Code and the use of the Illinois Vehicle Code to regulate those vehicles capable of highway travel as opposed to the Boat Registration and Safety Act’s regulation of vessels and watercraft, the word “vehicles” as used in P.A. 101-0031 does not include boats.

I hope this information is helpful. If you require additional information, please visit our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) or contact the Department’s Taxpayer Information Division at (217) 782-3336.

Very truly yours,

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