



Illinois Department of Revenue

Legal Services Office
101 W. Jefferson St. MC 5-500
Springfield, IL 62702

SECOND NOTICE OF PROPOSED RULEMAKING

- 1) Agency: Illinois Department of Revenue
- 2) Title and Ill. Adm. Code Citation of Proposed Rulemaking: Home Rule Municipal Retailers' Occupation Tax, 86 Ill. Adm. Code 270
- 3) Date, Issue, and page number of the Illinois Register in which the First Notice was published: February 7, 2025, Issue 6, 49 Ill. Reg. 1514
- 4) Text and Location of any Changes Made to the Proposed Rulemaking During the First Notice Period: No changes made.
- 5) Final Regulatory Flexibility Analysis:
 - A. Summary of the issues raised by affected small businesses during the First Notice Period: No issues raised.
 - B. Description of actions taken on any alternatives to the proposed rule suggested by small businesses during the First Notice Period, including reasons for rejecting alternatives not utilized: No issues raised.
- 6) Analysis of the Economic and Budgetary Effects of the Proposed Rulemaking: See attached.
- 7) Response to Recommendations Made by the Administrative Code Division for Changes in the Rule to Make It Comply with the Codification Scheme: All changes requested by the Administrative Code Division have been made.
- 8) Evaluation of the comments received by the agency from interested persons during the first notice period (but not including any questions raised by the Joint Committee in a preliminary review) including:
 - A. Date of any public hearing held during the first notice period. Name of the person or group requesting a hearing: No public hearing requested.
 - B. The names and addresses of all individuals or groups making

comments or requesting the opportunity to make comments: No comments received.

- C. A list of all specific criticisms and suggestions raised in the comments: No comments received.
- D. The agency's evaluation of each of the specific criticisms and suggestions: No comments received.
- E. A statement that the agency has considered all comments received during the first notice period: The Department has reviewed and considered all comments received during the first notice period.

9) An analysis of the expected effects of the proposed rulemaking, including:

- A. Impact on the public: This rulemaking implements Public Act 103-983 and Public Act 103-592 (Article 75), which changed the tax obligation for retailers maintaining a place of business in this State making sales to Illinois customers from outside of this State and expanded the sales tax to apply to leases of tangible personal property that is not titled or registered. Prior to January 1, 2025, such sales were subject to Use Tax only. On and after January 1, 2025, these retailers incur destination-based retailers' occupation tax on these sales. The public will be impacted in that State and local retailers' occupation taxes will be assessed on all purchases made from out-of-State retailers and delivered in Illinois. The public will also be impacted by the expansion of the sales tax to include leased tangible personal property, excluding titled and registered property.
- B. Changes in the agency's programs or structure resulting from implementation of the rulemaking: None.
- C. Impact of proposed rule on small businesses. Methods used by Agency to comply with 5 ILCS 100/5-30, including reasons for rejecting any methods not utilized: Retailers with a physical presence in the State of Illinois making sales from locations outside of this State to consumers in Illinois and retailers leasing tangible personal property that is not titled and registered. Affected taxpayers are already subject to these requirements, and no additional skills are required to comply. The Department is currently handling these sales as required by the statute, and therefore, the methods described in 5 ILCS 100/30 are not legal or feasible in meeting the requirements of

the Retailers' Occupation Tax Act. The Department published the proposed rulemaking in the Illinois Register and on the Department's website.

- 10) A justification and rationale for the proposed rulemaking, including:
- A. Any changes in statutory language requiring the proposed rulemaking: Public Act 103-983 and Public Act 103-592 (Article 75) created the statutory language that is being incorporated into Part 270.
 - B. Any changes in agency policy, procedures, or structure requiring the proposed rulemaking: None
 - C. Relationship to any relevant federal rules, regulations, or funding requirements: None
 - D. Court orders or rulings which are related to the rulemaking: None
 - E. A complete explanation of any other reasons for the proposed rulemaking: No other reasons exist.
- 11) Does this rulemaking include an incorporation by reference pursuant to Section 5-75 of the Illinois Administrative Procedure Act? No.

Agency Personnel Who Will Respond to Joint Committee Questions Regarding the Proposed Rulemaking:

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