



## 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: Service Occupation Tax, 86 Ill. Adm. Code 140
- 3) Date, Issue, and page number of the Illinois Register in which the First Notice was published: December 13, 2024, Issue 50, 48 Ill. Reg. 17725
- 4) Text and Location of any Changes Made to the Proposed Rulemaking During the First Notice Period: See attached.
- 5) Final Regulatory Flexibility Analysis:
  - A. Summary of the issues raised by affected small businesses during the First Notice Period: No issues were raised by small businesses.
  - 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: None.
- 6) Analysis of the Economic and Budgetary Effects of the Proposed Rulemaking: The Agency's Analysis of the Economic and Budgetary Effects of the Proposed Rulemaking is 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 or the requests for the opportunity to make comments were received.

- C. A list of all specific criticisms and suggestions raised in the comments:  
No criticisms or suggestions were received.
  - D. The agency's evaluation of each of the specific criticisms and suggestions:  
No criticisms or suggestions were received.
  - E. A statement that the agency has considered all comments received during the first notice period: No comments were received.
- 9) An analysis of the expected effects of the proposed rulemaking, including:
- A. Impact on the public: Persons engaged in the business of transferring tangible personal property as incident to sales of service are impacted by this rulemaking.
  - 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: This rulemaking has no impact on small businesses. Section 140.125 is being amended to update the list of exemptions from the Retailers' Occupation Tax with additions made by Public Acts 103-0384, 103-592, and 103-0643 for active-duty military, leases, and home-delivered meals. Section 140.124 is being repealed as those exemptions ended in 2005. 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 Service 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 Acts 103-0384, 103-592, and 103-0643 created the statutory language that is being incorporated into Part 140.
  - 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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