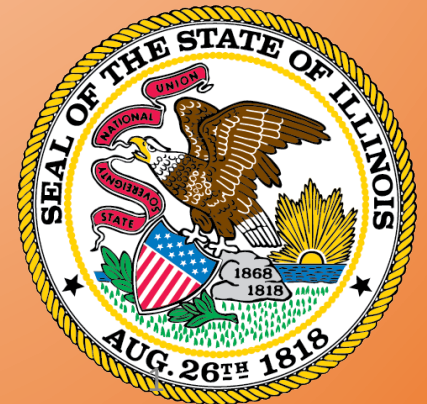


Illinois Department of Revenue 2021 IACO Spring Conference



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SALES TAX DISBURSEMENTS

- Retailers' Occupation Tax
- Service Occupation Tax
- Use Tax
- Service Use Tax
- Home Rule Sales Tax
- Non-Home Rule Sales Tax
- Business District Development and Redevelopment Tax
- County and Municipal Motor Fuel Taxes
- County and Municipal Cannabis Taxes
- County and Municipal Automobile Renting Taxes
- County Flood Prevention Tax
- County Public Safety, Public Facilities, Mental Health, Substance Abuse, or Transportation Tax
- Metro-East Park and Recreation District Tax
- County School Facility and Resources Tax
- Regional Transportation Authority Tax
- Metro-East Transit District Tax
- Aviation Fuel Tax
- Along With Many Others

SERVICE OCCUPATION TAX

- A tax imposed on persons engaged in the business of making sales of service, based on tangible personal property transferred incident to sales of service.
- Tax is paid to their supplier on the cost price of the tangible personal property transferred in the sale of service.
- De minimis test - A serviceman is considered a "de minimis" serviceman if his or her aggregate annual cost price of tangible personal property transferred incident to service is less than 35% of the aggregate annual total gross receipts from all sales of service (or less than 75% in the case of servicemen transferring prescription drugs or engaged in graphic arts production).

ALLOCATION OF STATE SALES TAX COLLECTIONS

- General Merchandise:
 - State Tax Rate is 6.25%
 - 5.00% State Equivalent to 80% of tax collections
 - 1.00% Local Equivalent to 16% of tax collections
 - 0.25% County Equivalent to 4% of tax collections
- Qualifying Food, Drug, and Medical Appliances:
 - State Tax Rate is 1.00%
 - 1.00% Local Equivalent to 100% of tax collections

SALES TAX ALLOCATION EXAMPLE

| | | | |
|-----------------|----------------|-----------------------------|--------------------|
| Selling Price | \$1,000.00 | <u>Allocation Breakdown</u> | |
| + 6.25% Tax | <u>\$62.50</u> | State | \$49.12 (80%) |
| | \$1,062.50 | Local | \$9.83 (16%) |
| | | County | <u>\$2.46 (4%)</u> |
| Total Tax Due | \$62.50 | | \$61.41 |
| -1.75% Discount | <u>\$1.09</u> | | |
| Total Remitted | \$61.41 | | |

SALES TAX COLLECTION CYCLE

- 4 Month Cycle
- Example: Item purchased January 16th
 - January Liability Month
 - February Collection Month (Allocation Month)
 - March Processing Month
 - April Disbursement Month
- ST-1 Sales Tax Return is due the 20th of the collection month, or the next business day.

DISTRIBUTIONS OF 1% MUNICIPAL, 1% COUNTY & 0.25% COUNTYWIDE TAXES

(Fiscal Year July 1 through June 30)

| | Municipal | County | County-Wide |
|--------------|-------------------|-------------------|--------------------|
| (\$Millions) | (MT 1.00%) | (CT 1.00%) | (CST 0.25%) |
| FY-12 | 1,574.8 | 48.9 | 213.0 |
| FY-13 | 1,604.9 | 48.1 | 214.2 |
| FY-14 | 1,663.7 | 51.1 | 222.5 |
| FY-15 | 1,720.1 | 53.4 | 225.9 |
| FY-16 | 1,753.8 | 49.9 | 225.3 |
| FY-17 | 1,758.3 | 49.7 | 226.5 |
| FY-18 | 1,796.5 | 52.1 | 231.2 |
| FY-19 | 1,833.6 | 56.2 | 236.4 |
| FY-20 | 1,860.2 | 50.4 | 233.9 |
| FY-21 | 1,816.9 | 53.3 | 239.3 |

SPECIAL EVENTS

- Examples of special events are fairs, festivals, flea markets, craft shows, or other similar events.
- All retailers who make sales in Illinois, whether they are Illinois taxpayers or not, must collect and pay tax.
- Special events participants do not have to separately register as long as the tax is reported and paid to the Special Events Coordinator with IDOR.
 - Out-of-state vendors may participate in Illinois events provided they remit Illinois sales tax to IDOR by completing Form IDOR-6-SETR, Special Event Tax Collection Report and Payment Coupon.

SPECIAL EVENTS

- Any person who promotes, organizes, or provides retail selling space for vendors to sell items is required to file a report with IDOR. The report must include the following information:
 - name of vendor's business,
 - name of person or persons engaged in the vendor's business
 - permanent address of business
 - Illinois Account ID number of business
 - date and location of event

SPECIAL EVENTS

- Report is sent to Special Events Unit at:

Special Events Unit

Illinois Department of Revenue

PO Box 19035

Springfield, IL 62794-9035

(847) 294-4475

rev.specialevents@Illinois.gov

LOCALLY IMPOSED TAXES

Regional Transportation Authority (RTA)

- Tax is imposed in Cook County and the collar counties - DuPage, Kane, Lake, McHenry, and Will Counties.
- Administrative Fee: 2%
- Applicable Cook County tax rates:

| | |
|----------------------------|-------|
| General Merchandise | 1.00% |
| Titled or Registered Items | 1.00% |
| Qualifying Food & Drug | 1.25% |
- Applicable collar county tax rates:

| | |
|----------------------------|-------|
| General Merchandise | 0.75% |
| Titled or Registered Items | 0.75% |
| Qualifying Food & Drug | 0.75% |

LOCALLY IMPOSED TAXES

Metro-East Transit District (MED)

- Tax imposed in certain townships in Madison and St. Clair Counties
- Administrative Fee: 2%
- Applicable Madison County tax rates:

| | |
|----------------------------|-------|
| General Merchandise | 0.25% |
| Titled or Registered Items | 0.25% |
| Qualifying Food & Drug | 0.25% |
- Applicable St. Clair County tax rates:

| | |
|----------------------------|--------|
| General Merchandise | 0.75% |
| Qualifying Food & Drug | 0.75% |
| Titled or Registered Items | 0.25%* |

*Plus an additional District fee of 0.50% or \$20, whichever is less.

LOCALLY IMPOSED TAXES

- Taxes imposed at the county or municipal level are not imposed on:
 - Items that are titled or registered with an Illinois state agency, and
 - Qualifying food, drug, and medical appliances.
- Rates are imposed in increments of 0.25%.
- IDOR will notify impacted retailers with an informational bulletin via MyTax message.
- MyLocalTax users will also receive a copy of the bulletin via message, so you can share it with retailers that contact your local government directly.

LOCALLY IMPOSED TAXES

County School Facility Occupation Tax (CSFT)

- Tax is used for school facility purposes, i.e. development, construction, reconstruction, rehabilitation, improvement, etc. of school facilities or the payment of bonds or other obligations. 55 ILCS 5/5-1006.7
- Tax is imposed after voter passage of a county-wide referendum.
- The maximum rate is 1.00%. (.25% increments)
- Certified election results (ballot question and abstract of votes) must be sent to our office by:
 - May 1 to become effective July 1 of the same year, or
 - October 1 to become effective January 1 of the following year.
- Administrative Fee: 2%

LOCALLY IMPOSED TAXES

Special County Retailers' Occupation Tax for Public Safety, Public Facilities, Mental Health, Substance Abuse, or Transportation(CTPS)

- The revenue generated is to be used exclusively for public safety, public facilities, mental health, substance abuse, or transportation purposes in that county. 55 ILCS 5/5-1006.5
- Tax is imposed after voter passage of a county-wide referendum.
- There is no maximum rate (.25% increments).
- A certified ordinance imposing the tax and certified election results must be sent to our office by:
 - May 1 to become effective July 1 of the same year, or
 - October 1 to become effective January 1 of the following year.
- Administrative Fee: 1.5%

LOCALLY IMPOSED TAXES

County Motor Fuel Tax (CMFT)

- Currently, only DuPage, Kane, Lake, McHenry, and Will Counties can implement CMFT.
- HB1846
- Maximum rate of \$0.08/gallon.
- Minimum rate of \$0.04/gallon.
- \$0.01/gallon increments
- A certified ordinance imposing the tax must be sent to our office by:
 - April 1 to become effective July 1 of the same year, or
 - October 1 to become effective January 1 of the following year.
- Administrative Fee: 2%

LOCALLY IMPOSED TAXES

County Motor Fuel Tax (CMFT)

- Beginning June 2020, and continuing each subsequent year, P.A. 101-32 requires IDOR to determine an annual rate increase to take effect on July 1 of that year and continue through June 30 of the next year. IDOR must publish by June 1 of each year on its website at tax.illinois.gov the rate that will take effect on July 1 of that year. The rate must be rounded to the nearest one-tenth of one cent, and each new rate may not exceed the rate in effect on June 30 of the previous year plus one cent.
- The increase for July 1, 2021 is 1.20%, but due to rounding, no rates will be changed this year.

LOCALLY IMPOSED TAXES

County Cannabis Tax (CCAN)

- Rates can be imposed in 0.25% increments with a maximum of:
 - 3.0% in a municipality located within the county
 - 3.75% in an unincorporated part of the county
- A certified ordinance imposing the tax must be sent to our office by:
 - April 1 to become effective July 1 of the same year, or
 - October 1 to become effective January 1 of the following year.
- Administrative Fee: 1.5%

LOCALLY IMPOSED TAXES

Municipal or County Cannabis Tax (MCAN/CCAN)

- Since most jurisdictions only have one or two dispensaries, this distribution information will not be included on the reports on our website to protect the confidentiality of the businesses.
- Allocation data will be available through MyLocalTax to users with confidential access.
- While you will receive a separate distribution for MT, HMR/NHMR, etc., those distributions will be combined on our web reports with the other MT, HMR/NHMR, etc. totals.
- You must also protect this information at your local government meetings and on any reports provided at these meetings.

TIPS FOR ALL ORDINANCES

- There are templates for the ordinances on our website.
- Legal will send a letter either stating that the ordinance will be imposed or requesting changes to the ordinance.
- At this time, required documentation must be mailed.
- Regarding the ordinance deadline, we use the postmark date on the envelope.
- If you want to verify that we received your ordinance, please check with us before the deadline! This allows you to still meet the deadline if you must resend because it was lost in the mail.

PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

- Revenues collected by IDOR to replace money lost by local governments when their powers to impose personal property taxes were taken away.
- Qualifications to receive a distribution:
 - Taxing district must have been in existence prior to July 1, 1979, and
 - Received revenue from personal property tax from the 1976 tax year for taxing districts in Cook County, or the 1977 tax year for taxing districts in the remaining 101 counties.

PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

- Personal Property Replacement Tax includes:
 - Replacement Tax imposed on the net Illinois income of C-Corporations, Partnerships, Trusts, & S-Corporations;
 - Invested Capital Tax;
 - Electricity Distribution Tax (based on Kilowatt hours);
and
 - Telecommunications Infrastructure Maintenance Fees.
- The net collections of the taxes are deposited into the Personal Property Replacement Tax Fund and distributed to local taxing districts.
 - Net collections = total collections minus stipends, additional compensations, salary reimbursements, and deposits made into the refund fund.

PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

- Eight distributions are sent each year to qualifying taxing districts (January, March, April, May, July, August, October, and December).
- Distributions to taxing districts are based on each district's share of personal property tax collection from the appropriate 1976 or 1977 tax year.
- Proportionate Share of PPRT Distributed.
 - Certain taxing districts are required to pay a proportionate share of personal property replacement tax funds they receive to the municipality, library or cemetery if personal property taxes were previously levied in 1976 or 1977 and paid to those taxing districts.

PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

- Fiscal year estimates for PPRT are posted to our website around the first of August.
- This is an estimate. We don't pay the difference if your actual distributions are less than estimated, nor do we ask you to pay the difference if distributions were more than estimated.
- The estimate is posted in the same place on our website every year. You don't need to ask if we have the estimate, just check the website. As soon as we have it, it is posted.
- FY2021 PPRT receipts were higher than projected due to Business Income Tax receipts.

PPRT DISTRIBUTIONS

(Fiscal Year July 1 through June 30)

| (\$Millions) | Annual Amount |
|--------------|----------------------|
| FY-12 | 1,236.0 |
| FY-13 | 1,308.2 |
| FY-14 | 1,371.0 |
| FY-15 | 1,434.5 |
| FY-16 | 1,320.5 |
| FY-17 | 1,466.8 |
| FY-18 | 1,227.4 |
| FY-19 | 1,327.8 |
| FY-20 | 1,453.4 |
| FY-21 | 1,843.5 |

POPULATION BASED DISBURSEMENTS

- Distributions of Income Tax, Use Tax, and Cannabis Excise Tax that each municipality or county receives are based on its population in proportion to the total state population.
- Population figures are based on the latest census conducted by the United States Bureau of the Census and certified by the Office of the Secretary of State.
- Use Tax and Cannabis Excise Tax follow the same four-month cycle as Sales Tax and Telecom Tax. Unlike the other tax types, Income Tax is allocated the month after it is paid.

POPULATION BASED DISBURSEMENTS

- We have not yet received the results of the 2020 Census.
- In 2011, IDOR received those figures in April and the new populations were reflected in the June distributions.
- We will notify you when the population changes will take effect via GovDelivery message and the LTAD Quarterly Newsletter.

INCOME TAX (INC)

- Income Tax is imposed on:
 - Individuals, Trusts and Estates – 4.95% of net income
 - Corporations – 7.00% of net income
- As of August 1, 2017, local governments receive
 - 6.06% of net collections of all income tax received from individuals, trusts, and estates, and
 - 6.85% of net collections of all income tax received from corporations. (35 ILCS 5/901 b)
 - Net collections = total collections less deposits into the refund fund

INCOME TAX DISTRIBUTIONS

(Fiscal Year July 1 through June 30)

| (\$Millions) | Annual Amount | Per Capita |
|--------------|----------------------|-------------------|
| FY-12 | 1,095.3 | 85.4 |
| FY-13 | 1,203.6 | 93.8 |
| FY-14 | 1,223.2 | 95.3 |
| FY-15 | 1,316.3 | 102.6 |
| FY-16 | 1,301.1 | 101.4 |
| FY-17 | 1,216.3 | 94.7 |
| FY-18 | 1,162.9 | 90.4 |
| FY-19 | 1,331.0 | 103.4 |
| FY-20 | 1,266.5 | 98.4 |
| FY-21 | 1,672.6 | 129.9 |

INCOME TAX ALLOCATION CHANGES

- The 2019 individual income tax filing deadline was extended from April 15th to July 15th, 2020.
- Typically, May is a larger distribution because so many pay closer to the deadline. So, you should have seen a larger distribution in August 2020 than usual.
- The 2020 individual income tax filing deadline was extended from April 15th to May 17th, 2021. However, due to the time the extension was announced, many had already filed. You received a larger distribution in May 2021, but June 2021 was larger as well because of the extended filing deadline.

LOCAL USE TAX (ULO)

- Imposed on the privilege of using, in Illinois, any item of tangible personal property purchased anywhere at retail.
 - Reported by individuals (ST-44) and retailers (ST-1).
 - Examples of Use Tax liability:
 - Purchases of tangible personal property at retail from out-of-state, unregistered retailers for use in Illinois without paying tax to the retailer.
 - Illinois businesses withdraw tangible personal property from their sales inventories for their own use.
 - Purchases of titled or registered items from out of state, unregistered dealers or retailers or private party sales.

LOCAL USE TAX (ULO)

- State rates for use tax:
 - 6.25% General merchandise
 - 1.00% Qualifying food, drugs & medical appliances
 - 6.25%* Titled or registered items
- *Use tax from items that are titled or registered with a State agency are distributed based on the registered address on the return and is included with the distribution of the 1.00% local government's share of state sales tax.
- Use Tax monies, with the exception of titled or registered items, are deposited into the State & Local Sales Tax Reform Fund for distribution to local governments.

LOCAL USE TAX (ULO)

- The State and Local Sales Tax Reform Fund is distributed monthly in the method listed below:
 - 20 percent to Chicago
 - 10 percent to the Regional Transportation Authority (RTA)
 - 0.6 percent to the Metro-East Transit District (MED)
 - \$3.15 million to the Build Illinois Fund
 - Remaining balance to municipal and county governments (except Chicago) based on their population.

USE TAX DISTRIBUTIONS

(Fiscal Year July 1 through June 30)

| (\$Millions) | Annual Amount | Per Capita |
|--------------|----------------------|-------------------|
| FY-12 | 147.9 | 14.6 |
| FY-13 | 160.7 | 15.9 |
| FY-14 | 177.5 | 17.5 |
| FY-15 | 204.8 | 20.2 |
| FY-16 | 234.1 | 23.1 |
| FY-17 | 250.2 | 24.7 |
| FY-18 | 267.5 | 26.3 |
| FY-19 | 309.4 | 30.4 |
| FY-20 | 356.2 | 35.0 |
| FY-21 | 458.0 | 45.0 |

CANNABIS USE TAX (CUT)

- There is a state excise tax on all adult-use cannabis sales, a portion of which is allocated to local governments based on population.
- These funds must be used to fund crime prevention programs, training, and interdiction efforts, including detection, enforcement, and prevention efforts, relating to the illegal cannabis market and driving under the influence of cannabis.

CANNABIS USE TAX DISTRIBUTIONS

(Fiscal Year July 1 through June 30)

| | Annual | Per |
|--------------|---------------|---------------|
| (\$Millions) | Amount | Capita |
| FY-20 | 3.18 | 0.25 |
| FY-21 | 12.64 | 0.99 |

AVIATION FUEL TAX

- You must certify an airport purpose to IDOT on or before May 1st each year. Contact is:

Richard A. Borus, P.E.

Airport Program Engineer

Airport Programming, Planning, & Environment Section

I.D.O.T. Div. of Aeronautics (217) 785-0056

- You will not receive the 1% MT/CT or 0.25% CST on aviation fuel tax sales.
- Beginning 1/1/21, only HMR, NHMR, MED, RTA, and CHMR will be included on aviation fuel sales. Other locally imposed taxes are no longer applicable on aviation fuel sales.
- Website lists local governments with IDOT certification

DISTRIBUTION OF TAXES

- Local governments receive a separate distribution for each tax type.
- IDOR suggests that all recipients sign up for direct deposit.
- Track your distributions on the Comptroller's website.
 - The Vendor TIN needed for their website can be found on our website under "Monthly Disbursements."

MYLOCALTAX PORTAL

- New function – Submit Audit Referral
 - Not everything should be submitted as an Audit referral – contact LTAD first
- More changes coming
 - On top of the new format coming in September, additional updates are being developed.
- When updates are made to MyLocalTax, the tutorial will be updated.
 - We will alert you when the updated tutorial is posted via GovDelivery message and the newsletter.

MYLOCALTAX PORTAL

- An account is not created once your name has been submitted on the approved list with the information exchange agreement. Each person must register for their own account.
- Please don't share accounts.
- Please alert us as soon as someone leaves employment with your local government so we can close their account.
- The answer to your security question is case sensitive.
- Please make sure you're logging into MyLocalTax and not MyTax or MyDec. They are separate portals.

GENERAL SUGGESTIONS

- For MyLocalTax questions, please refer to the tutorial and FAQ's first.
- For basic local tax questions, please refer to the website first.
- When sending an email or leaving a voice mail, please include details we'll need to answer your question(s).
- Communicate with all interested parties within your local government.
- Share information with your fellow members of various local government officials' associations.

CONFIDENTIALITY OF TAXES

- By law, all information received by IDOR from individual sales tax returns, telecom tax returns, or from any investigation is confidential and cannot be released.
- There are two ways information can be released:
 - Local government enters into a reciprocal agreement for exchange of information with IDOR, or
 - Written authorization is received from the taxpayer or provider.

CONFIDENTIALITY OF TAXES

- Local governments that previously submitted an Authorization to Release Sales Tax Information to Local Governments (PTAX 1002-21) pursuant to a rebate sharing agreement with another entity (developer, taxpayer or other local government) that requires an accounting of the amount the municipality or county received from a certain taxpayer can be shared with that entity IF
 - the taxpayer completes a form or statement giving the local government authorization to release their sales tax information to the entity.

The confidentiality of a taxpayer's filing must be protected.

CONFIDENTIALITY OF TAXES

- Top Filer Report
 - Report gives an aggregate total of the 1.00% local government's share of the state's sales tax the local government received from their top sales tax contributors within a specified time period. The top filers are listed in numeric order by Illinois Account ID's.
- FOIA Requests
 - Confidential information received from IDOR cannot be requested by the general public under the Freedom of Information Act. Refer to statute, 5 ILCS 140/7(1)(a).

INFORMATION EXCHANGE AGREEMENTS

- As of January 1, 2015, all municipalities became eligible to enter into a reciprocal agreement for exchange of confidential sales tax information with IDOR.
- As of June 30, 2016, all counties became eligible to enter into a reciprocal agreement for exchange of confidential sales tax information with IDOR.
- IDOR developed a template for the certification/re-certification letter, which is available on our website.
- We require original signatures on the Attachment A and Attachment B. An Attachment B will need to be completed for each person on the agreement.

INFORMATION EXCHANGE AGREEMENTS

- If applying for a confidential account in MyLocalTax, the applicant must be included on the information exchange agreement.
- Also, for the request to be approved, there must be agreements on file for both sales tax and telecom (if imposed).
- Users not listed on the agreement can register for a basic account in MyLocalTax.
- Users will automatically receive a message through MyLocalTax at least 30 days in advance to alert them that it is time to recertify the agreement.
- Confidential accounts whose recertifications are not completed within an acceptable amount of time will have their accounts locked until recertification is completed.

INFORMATION EXCHANGE AGREEMENTS

- Recertification is due annually from the last time you updated your agreement, not necessarily on January 1.
- Those of you that just had a change in officials during the last election need to make sure to update your agreements.
- The Attachment A only needs to be completed when you first enter into an agreement with IDOR. You don't need to resend the A each year when you recertify.
- The Attachment B is only needed for new additions to your list. You don't need to resend the B every year either.
- When recertifying your agreement or changing the approved list on your agreement, please use our template, do not make any changes to the template.
- Also, when recertifying or changing, include the list of ALL names on the approved list, not just the new name(s).

REBATE SHARING AGREEMENTS

- An agreement made by a local government to share or rebate any portion of retailers' occupation taxes (including, but not limited to, the 1.00% local share of the state retailer's occupation taxes, home rule, non-home rule, or business district taxes) with retailers, developers, consultants, or other local governments or taxing jurisdictions.
 - An exception to the requirement is where sales tax sharing is stipulated in the covenants of a bond issue. Bond agreements that use sales taxes are typically for the repayment of bonds, not "sharing" of the sales taxes.
- Agreements are reported through the MyLocalTax portal found on IDOR's website. Municipalities located in more than one county must use the location code and PIN from the county in which the rebated sales taxes will be generated.
- Agreements reported on the website are made available to the public.

STEPS LOCAL GOVERNMENTS CAN TAKE TO ENSURE CORRECT DISTRIBUTIONS

- Review the annual taxpayer location address list.
- Report discrepancies as soon as you realize a taxpayer is not reporting sales tax for your jurisdiction.
 - However, businesses sometimes file or pay late, so you'll then receive two months of distributions the following month. Also, some businesses file quarterly or annually. Please make sure that you haven't received distributions from that business for at least two periods before contacting LTAD.
- Complete the tax location verification process monthly.
- Promptly report annexations to our office.

SENIOR CITIZENS REAL ESTATE TAX DEFERRAL PROGRAM

- Applications due March 1.
- Application forms and supporting documentation sent via email now.
- There will be a delay for processing between when the applications are received and when that tax lien is reflected on the payoff letter.
- There will also be a delay for processing between when the tax bills are received and when the full balance for that tax year is reflected on the payoff letter.

SENIOR CITIZENS REAL ESTATE TAX DEFERRAL PROGRAM

- When submitting payment, please let us know the PIN, the date payment was received and if the treasurer's fee was kept from the payment. If the lien releases need to be sent somewhere other than the address on the account, please provide that information with the payment also.
- When requesting a payoff letter, please provide the PIN and the date of the payoff.
- We will send a program statement to every participant in December each year.
- SB2244

TOPICS OF INTEREST

- Leveling the Playing Field (LPF)
- Local Government Revenue Recapture Act (LGRRA)
- American Rescue Plan Act of 2021 (ARPA)

Leveling the Playing Field

- Sales made by Illinois in-state retailers (e.g., brick & mortar)
 - Illinois purchases that are shipped out of a distribution center within Illinois will be taxed at the tax rate of the distribution center's location (origin rate).
 - This sale will generate MT/CT for the local government of origin, as well as any locally-imposed taxes.

Leveling the Playing Field

- Sales made by remote retailers (no physical presence in Illinois but meet the statutory tax remittance threshold)
 - Illinois purchases that are shipped from outside Illinois will be taxed at the rate of the delivery address (destination rate).
 - This sale will generate MT/CT for the local government of destination, as well as any locally-imposed taxes.

Leveling the Playing Field

- Sales made by out-of-state sellers (an out-of-state retailer with physical presence in Illinois)
 - If selling activities occur within Illinois (e.g., sales are filled from inventory in Illinois or other selling activities occur in Illinois), then tax is calculated using the origin rate for that sale.
 - This sale will generate MT/CT for the local government of origin, as well as any locally-imposed taxes.
 - If selling activities occur outside Illinois, then 6.25% Use Tax must be collected and remitted for that sale.
 - This will be deposited into the State & Local Sales Tax Reform Fund for distribution to local governments based on population.

Leveling the Playing Field

- Changes you should see because of LPF
 - More non-local addresses on your taxpayer listings and allocation remittance reports. The sites are set up as changing locations and the non-local addresses are corporate addresses for these companies.
 - A decrease in Use Tax distributions.
 - Marketplace facilitators, including food delivery apps, should impose tax at the destination rate.
 - Business District tax should be imposed on destination rate sales as well (if a BD exists there, and the address is included in the BD).
 - The impact on sales tax receipts is unknown as so much is determined by the shopping habits of your residents.

Leveling the Playing Field

- Tax Rate Finder
 - Search by Local Government
 - Search by Address – this file is only updated twice per year January 1 and July 1. To be included in the file update, changes must be submitted by April 1 (for the July 1 update) and October 1 (for the January 1 update).
 - By statute, beginning in February 2022, IDOR will have to provide a map of the current boundaries on file for your jurisdiction. The method and format of this file has not been finalized yet. Until February 2022, you will have to check individual addresses using the address-specific Tax Rate Finder.

Leveling the Playing Field

- Reallocations
 - We will only be reallocating LPF monies based on amended returns, not due to copies of an invoice, for example.
 - Businesses are held harmless if our tax rate finder file is incorrect. This means if they do file an amended return to correct a tax rate, they will not be required to pay additional tax, penalty, or interest due because of our error. If we do reallocate, you may only receive a maximum of what the original recipient received in distributions, even if your tax rate is higher.

LGRRA

- LGRRA allows a local government to contract with a third party to ensure that the local government receives the correct disbursement from IDOR.
- The third party must:
 - Enter into a confidentiality agreement with the local gov't in the form and manner required by IDOR;
 - Have an existing contract with the local gov't when entering into the confidentiality agreement;
 - Abide by the same conditions as local governments regarding confidential tax information;
 - Register with IDOR.

LGRRA

- With respect to taxes administered by IDOR, local governments and third parties are prohibited from the following:
 - Engaging in the audit of any taxpayer;
 - Assessing tax against any taxpayer;
 - Engaging in collection actions against any taxpayer for the tax; or
 - Engaging in any other action related to these taxes that is IDOR's responsibility.

LGRRA

- LGRRA prohibits third parties from communicating directly with taxpayers within a local government about any matters related to or covered by the third party's contract.
- The Act also prohibits third parties from sharing financial information with another local government or third party.
- A local government also may not share the findings of a third party with another local government or third party.

LGRRRA

- To access confidential tax information, third parties must be added to EACH local government's Information Exchange Agreement (IEA) that they contract with.
- Each employee that will have access to the data must be added to each agreement individually by name, not as the company name.
 - Example: John Doe must be added, not 3rd Party Corp.
- Each time the person(s) working your account changes, the IEA must be updated.

LGRRA

- You can either share data and reports like the allocation remittance report with these approved third-party employees, or they may register for a MyLocalTax account and order/view the information themselves.
- They will need a separate account for each local government's data they want to view.
- These users will register for an account the same way local government officials do.

LGRRA

- Both third-party users and local government officials will be able to submit an audit referral via their MyLocalTax accounts.
 - As mentioned previously, please contact LTAD before submitting the referral to determine whether the situation requires an audit referral.
- Third-party users also will have the option to submit an audit referral through their MyTax account.

ARPA

- SB2800 HAM 1 granted IDOR appropriation authority to allocate the funds to non-entitlement units of local governments and counties as authorized by Section 9901 of the American Rescue Plan Act of 2021 and any associated federal guidance.
- A portal is being developed for locals to use to provide information needed to help IDOR generate the vouchers.
- Additional details are not available at this time, but it does not appear that LTAD will be making these distributions. However, if you have questions, contact LTAD and we will try to get an answer for you or direct you to the right person.

LOCAL GOVERNMENT RESOURCES

- LTAD Website
 - Allocation amounts
 - Forms and agreements
 - Information about each tax type
 - Training materials
- MyLocalTax
 - Send messages
 - Request allocation remittance reports
 - Order taxpayer listings
 - Complete tax location verification
 - Rebate sharing agreements
 - View correspondence

LOCAL GOVERNMENT RESOURCES

- LTAD Quarterly Newsletter
 - January, April, July, October
 - Sent in May this year (municipal elections), next in October (due to this workshop)
 - Will be posted to our website, sent through MyLocalTax, and will receive a message through GovDelivery
- GovDelivery
 - Sign up on website
 - Short messages to alert you of news
 - When this presentation posts, when the PPRT estimate is posted, when the new Census data will be reflected in distributions, etc.

CONTACTS

Office of the Comptroller

(217) 557-0930

www.illinoiscomptroller.gov

Illinois Gaming Board

(217) 524-0226

www.igb.Illinois.gov

Office of the Treasurer

The Illinois Funds Program

(217) 524-4910

www.treasurer.il.gov

CONTACTS

For information regarding Property Tax issues, contact the following telephone numbers:

- | | |
|----------------|--|
| (217) 785-1388 | Appraisals (ICAAS) |
| (217) 782-3016 | County Official Salary Reimbursements & Stipends |
| (217) 785-6636 | Education & Assistance |
| (217) 782-3627 | Equalization & Sales Ratios |
| (844) 445-1114 | My DEC |
| (217) 785-0411 | Railroads & Pollution Control |
| (217) 782-3627 | Real Estate Transfer Declarations |
| (217) 782-3016 | Statistics |
| (217) 785-2252 | Sales Tax & Property Tax Exemptions |
| (217) 524-6320 | Senior Citizens Real Estate Tax Deferral Program |

THANK YOU!

Illinois Department of Revenue
Local Tax Allocation Division
101 W. Jefferson St. 3-500
Springfield, IL 62702

Telephone: (217) 785-6518

Fax: (217) 785-6527

Email: REV.LocalTax@Illinois.gov

Website:

<https://www2.illinois.gov/rev/localgovernments/LocalTaxAllocation/Pages/default.aspx>

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