



Illinois Department of Revenue

Legal Services Office Room 5-500
101 W. Jefferson St.
Springfield, IL 62794

September 12, 2014

Illinois General Assembly
Joint Committee on Administrative Rules
Room 700, Stratton Office Building
Springfield, Illinois 62701

Attention: Vicki Thomas
Executive Director

Re: 86 Ill. Adm. Code 220.115- Home Rule County Retailers' Occupation Tax;
38 Ill. Reg. 6549, March 21, 2014
86 Ill. Adm. Code 270.115 – Home Rule Municipal Retailers' Occupation Tax;
38 Ill. Reg. 6562, March 21, 2014
86 Ill. Adm. Code 320.115 – Regional Transportation Authority Retailers'
Occupation Tax; 38 Ill. Reg. 6575, March 21, 2014
86 Ill. Adm. Code 370.115 – Metro East Mass Transit District Retailers'
Occupation Tax; 38 Ill. Reg. 6588, March 21, 2014
86 Ill. Adm. Code 395.115 – Metro-East Park and Recreation District Retailers'
Occupation Tax; 38 Ill. Reg. 6601, March 21, 2014
86 Ill. Adm. Code 630.120 – County Water Commission Retailers' Occupation
Tax; 38 Ill. Reg. 6614, March 21, 2014
86 Ill. Adm. Code 670.115 – Special County Retailers' Occupation Tax for Public
Safety; 38 Ill. Reg. 6627, March 21, 2014
86 Ill. Adm. Code 690.115 – Salem Civic Center Retailers' Occupation Tax;
38 Ill. Reg. 6640, March 21, 2014
86 Ill. Adm. Code 693.115 – Non-Home Rule Municipal Retailers' Occupation
Tax; 38 Ill. Reg. 6653, March 21, 2014
86 Ill. Adm. Code 695.115 – County Motor Fuel Tax; 38 Ill. Reg. 6666, March 21, 2014

Dear Executive Director Thomas:

Enclosed please find the original and two copies of the Department's Response to the Joint Committee Recommendation for each of the above-referenced rulemakings.

If you have any questions please do not hesitate to contact me.

Very truly yours,

A handwritten signature in cursive script that reads "Paul Berks" followed by a stylized flourish.

Paul Berks
Deputy General Counsel
Legal Service Office
Phone: (312) 814-4680

Enc.

ILLINOIS REGISTER

DEPARTMENT OF REVENUE

AGENCY RESPONSE TO JOINT COMMITTEE RECOMMENDATION
TO PROPOSED RULEMAKING

Date: September 12, 2014

Agency: Illinois Department of Revenue

Heading of the Part: Home Rule County Retailer's Occupation Tax

Code Citation: 86 Ill. Adm. Code 220

Register Citation: 38 Ill. Reg. 6549, March 21, 2014

Agency Response to Specific Joint Committee Recommendation:

On June 17, 2014, the Joint Committee on Administrative Rules considered the above-referenced rulemaking and issued a certificate of no objection. The Committee also recommended to the Department of Revenue that it "continue to work with the affected taxpayers and local governments in an attempt to mitigate remaining concerns with the proposed language."

In response to this recommendation, the Department of Revenue undertook the following actions:

- On July 25, 2014, representatives of the Department met with representatives of Cook County to discuss the final sourcing rules. The following individuals attended the meeting on behalf of Cook County: Zahra Ali, Kenneth Harris, Allison Davidson, Laura Lechowicz, Kent Ray, Jeffery McCutchan, and Joseph Clary. The Department was represented by Director Brian Hamer, Jim Nicholson, and Paul Berks. Representatives of the County expressed concern that the final sourcing rules did not go far enough to disincentive manipulation of sales tax sourcing. The Department assured the County that it was monitoring sales tax distributions and would continue to do so to assess whether retailers were complying with the sourcing rules, and would initiate a new rulemaking if there was evidence that the new rules were not effective.
- On July 30, 2014, the Department received a request for a General Information Letter from the Equipment Leasing and Financing Association (ELFA) regarding application of the sourcing rules to certain financing transactions. The Department is drafting a response to the request, which it intends to complete by October 31, 2014.
- On July 31, 2014, a representative of the Department attended a meeting organized by the Metropolitan Mayors Conference (MMC). The MMC is an organization comprised of

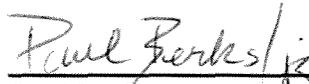
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- One of the concerns identified in the comments on the final rulemaking submitted jointly by the Illinois Chamber of Commerce, Illinois Retail Merchants' Association, Taxpayers' Federation of Illinois, and the Illinois Manufacturers' Association, and in the comments submitted by the City of Kankakee was that the final sourcing rules conflict with another Department regulation, 86 Ill. Admin. Code § 130.610. The Department addressed this concern by initiating a rulemaking to repeal section 130.610. The First Notice on this rulemaking appeared in the Illinois Register on June 27, 2014. The Department filed the Second Notice on August 18, 2014. The rulemaking is on the agenda for JCAR's meeting on September 16, 2014.
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As noted above, in response to JCAR's recommendation, the Department has continued to work

with taxing jurisdictions and taxpayers to mitigate their concerns about the application of the Department's rules, and will continue to do so.

Respectfully Submitted,

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Paul Berks, Deputy General Counsel
Illinois Department of Revenue

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DEPARTMENT OF REVENUE

AGENCY RESPONSE TO JOINT COMMITTEE RECOMMENDATION
TO PROPOSED RULEMAKING

Date: September 12, 2014

Agency: Illinois Department of Revenue
Heading of the Part: Home Rule Municipal Retailer's Occupation Tax
Code Citation: 86 Ill. Adm. Code 270
Register Citation: 38 Ill. Reg. 6562, March 21, 2014

Agency Response to Specific Joint Committee Recommendation:

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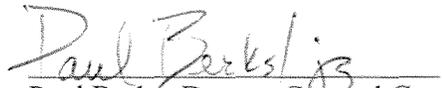
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DEPARTMENT OF REVENUE

AGENCY RESPONSE TO JOINT COMMITTEE RECOMMENDATION
TO PROPOSED RULEMAKING

Date: September 12, 2014

Agency: Illinois Department of Revenue

Heading of the Part: Regional Transportation Authority Retailers' Occupation Tax

Code Citation: 86 Ill. Adm. Code 320

Register Citation: 38 Ill. Reg. 6575, March 21, 2014

Agency Response to Specific Joint Committee Recommendation:

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DEPARTMENT OF REVENUE

AGENCY RESPONSE TO JOINT COMMITTEE RECOMMENDATION
TO PROPOSED RULEMAKING

Date: September 12, 2014

Agency: Illinois Department of Revenue

Heading of the Part: Metro East Mass Transit District Retailers' Occupation Tax

Code Citation: 86 Ill. Adm. Code 370

Register Citation: 38 Ill. Reg. 6588, March 21, 2014

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DEPARTMENT OF REVENUE

AGENCY RESPONSE TO JOINT COMMITTEE RECOMMENDATION
TO PROPOSED RULEMAKING

Date: September 12, 2014

Agency: Illinois Department of Revenue

Heading of the Part: Metro-East Park and Recreation District Retailers' Occupation Tax

Code Citation: 86 Ill. Adm. Code 395

Register Citation: 38 Ill. Reg. 6601, March 21, 2014

Agency Response to Specific Joint Committee Recommendation:

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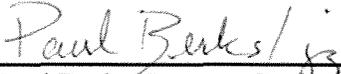
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Paul Berks, Deputy General Counsel
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DEPARTMENT OF REVENUE

AGENCY RESPONSE TO JOINT COMMITTEE RECOMMENDATION
TO PROPOSED RULEMAKING

Date: September 12, 2014

Agency: Illinois Department of Revenue

Heading of the Part: County Water Commission Retailers' Occupation Tax

Code Citation: 86 Ill. Adm. Code 630

Register Citation: 38 Ill. Reg. 6614, March 21, 2014

Agency Response to Specific Joint Committee Recommendation:

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AGENCY RESPONSE TO JOINT COMMITTEE RECOMMENDATION
TO PROPOSED RULEMAKING

Date: September 12, 2014

Agency: Illinois Department of Revenue

Heading of the Part: Special County Retailers' Occupation Tax for Public Safety

Code Citation: 86 Ill. Adm. Code 670

Register Citation: 38 Ill. Reg. 6627, March 21, 2014

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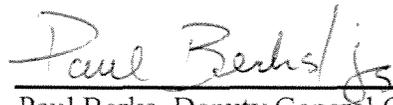
local governments in and around Chicago. Some of the members of MMC had expressed concerns about the Department's sourcing rules. Representatives of the following taxing jurisdictions attended the meeting: Village of Orland Park, Village of Woodridge, Village of Carol Stream, Village of Robbins, Village of Addison, Village of Glenview, City of Aurora, Village of Clarendon Hills, Village of Homer Glen, City of Geneva, City of Countryside, City of Batavia, City of Rolling Meadows, Village of Lemont, Village of Orland Park, Village of Oak Park, Village of Schaumburg, City of Blue Island, City of Lake Forest, Village of Morton Grove, Village of Hinsdale, City of Chicago, Village of Vernon Hills, Village of Fox Lake, Village of Westchester, Village of Barrington, Village of Hoffman Estates, City of Waukegan, Village of Roselle, Village of Romeoville, Village of Burr Ridge, Village of Schiller Park, Village of Itasca, Village of Pingree Grove, and the City of Aurora. The Department responded to questions and engaged in discussion on numerous subjects related to sourcing. The MMC subsequently submitted proposed modifications to the rules on August 14, 2014. The Department reviewed the proposals and submitted follow-up questions to MMC on September 5, 2014. The Department proposed a follow-up meeting to discuss MMC's proposal. Representatives of the Department are scheduled to meet with representatives of MMC to discuss the MMC proposal on September 15, 2014.

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As noted above, in response to JCAR's recommendation, the Department has continued to work

with taxing jurisdictions and taxpayers to mitigate their concerns about the application of the Department's rules, and will continue to do so.

Respectfully Submitted,

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Paul Berks, Deputy General Counsel
Illinois Department of Revenue

ILLINOIS REGISTER

DEPARTMENT OF REVENUE

AGENCY RESPONSE TO JOINT COMMITTEE RECOMMENDATION
TO PROPOSED RULEMAKING

Date: September 12, 2014

Agency: Illinois Department of Revenue
Heading of the Part: Salem Civic Center Retailers' Occupation Tax
Code Citation: 86 Ill. Adm. Code 690
Register Citation: 38 Ill. Reg. 6640, March 21, 2014

Agency Response to Specific Joint Committee Recommendation:

On June 17, 2014, the Joint Committee on Administrative Rules considered the above-referenced rulemaking and issued a certificate of no objection. The Committee also recommended to the Department of Revenue that it "continue to work with the affected taxpayers and local governments in an attempt to mitigate remaining concerns with the proposed language."

In response to this recommendation, the Department of Revenue undertook the following actions:

- On July 25, 2014, representatives of the Department met with representatives of Cook County to discuss the final sourcing rules. The following individuals attended the meeting on behalf of Cook County: Zahra Ali, Kenneth Harris, Allison Davidson, Laura Lechowicz, Kent Ray, Jeffery McCutchan, and Joseph Clary. The Department was represented by Director Brian Hamer, Jim Nichelson, and Paul Berks. Representatives of the County expressed concern that the final sourcing rules did not go far enough to disincentive manipulation of sales tax sourcing. The Department assured the County that it was monitoring sales tax distributions and would continue to do so to assess whether retailers were complying with the sourcing rules, and would initiate a new rulemaking if there was evidence that the new rules were not effective.
- On July 30, 2014, the Department received a request for a General Information Letter from the Equipment Leasing and Financing Association (ELFA) regarding application of the sourcing rules to certain financing transactions. The Department is drafting a response to the request, which it intends to complete by October 31, 2014.
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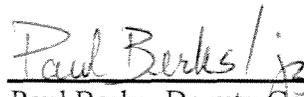
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Illinois Department of Revenue

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DEPARTMENT OF REVENUE

AGENCY RESPONSE TO JOINT COMMITTEE RECOMMENDATION
TO PROPOSED RULEMAKING

Date: September 12, 2014

Agency: Illinois Department of Revenue

Heading of the Part: Non-Home Rule County Retailers' Occupation Tax

Code Citation: 86 Ill. Adm. Code 693

Register Citation: 38 Ill. Reg. 6653, March 21, 2014

Agency Response to Specific Joint Committee Recommendation:

On June 17, 2014, the Joint Committee on Administrative Rules considered the above-referenced rulemaking and issued a certificate of no objection. The Committee also recommended to the Department of Revenue that it "continue to work with the affected taxpayers and local governments in an attempt to mitigate remaining concerns with the proposed language."

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Illinois Department of Revenue

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DEPARTMENT OF REVENUE

AGENCY RESPONSE TO JOINT COMMITTEE RECOMMENDATION
TO PROPOSED RULEMAKING

Date: September 12, 2014

Agency: Illinois Department of Revenue

Heading of the Part: County Motor Fuel Tax

Code Citation: 86 Ill. Adm. Code 695

Register Citation: 38 Ill. Reg. 6666, March 21, 2014

Agency Response to Specific Joint Committee Recommendation:

On June 17, 2014, the Joint Committee on Administrative Rules considered the above-referenced rulemaking and issued a certificate of no objection. The Committee also recommended to the Department of Revenue that it “continue to work with the affected taxpayers and local governments in an attempt to mitigate remaining concerns with the proposed language.”

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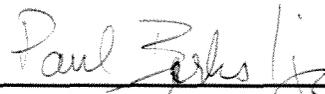
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