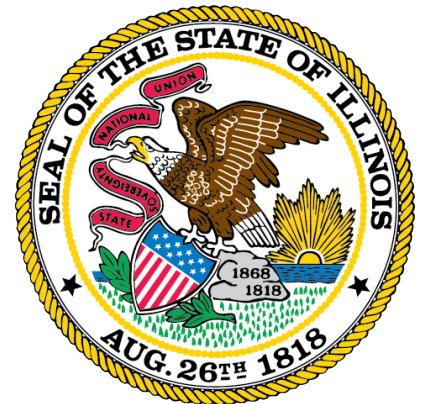


# Illinois Department of Revenue

## 2025 Local Government Workshop



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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
- Grocery 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 Drugs 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

+ 6.25% Tax      \$62.50

\$1,062.50

Total Tax Due      \$62.50

-1.75% Discount      \$1.09

Total Remitted      \$61.41

## Allocation Breakdown

State      \$49.12 (80%)

Local      \$9.83 (16%)

County      \$2.46 (4%)

\$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
- Form ST-1, Sales and Use Tax and E911 Surcharge Return, is due the 20<sup>th</sup> of the collection month. If the due date falls on a weekend or holiday, the return and payment are due the next business day.

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

(Fiscal Year July 1 through June 30)

|              | <b>Municipal</b>  | <b>County</b>     | <b>County-Wide</b> |
|--------------|-------------------|-------------------|--------------------|
| (\$Millions) | <b>(MT 1.00%)</b> | <b>(CT 1.00%)</b> | <b>(CST 0.25%)</b> |
| 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              |
| FY-22        | 2,251.6           | 77.2              | 297.8              |
| FY-23        | 2,371.1           | 85.0              | 315.4              |
| FY-24        | 2,465.1           | 88.6              | 320.5              |
| FY-25        | 2,733.3           | 101.1             | 336.8              |



# 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. Retailers are encouraged to pay the tax using their ST-1 account if they have a Sales Tax ID number. If they do not have a Sales Tax ID number, they are encouraged to get one.

# 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: 1.5%
- 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: 1.5%
- 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 a MyTax Illinois message or mail.
- 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.

# 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.
- Required documentation must be mailed or submitted through MyLocalTax using the “Submit Certified Ordinance or Resolution” function. Only submit once.
- 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.

# 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

## Home Rule Sales Tax (HMR)

- A home rule unit is:
  - A county that has a chief executive officer elected by the electors of the county or
  - A municipality that has a population of 25,001 or more.
- Voter approval is not required.
- There is no maximum rate. (.25% 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: 1.5%



# LOCALLY IMPOSED TAXES

## Non-Home Rule Sales Tax (NHMR)

- Non-home rule units have a population of 25,000 and under.
- Referendum no longer needed.
- Maximum rate of 1.00%. (.25% 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: 1.5%

# LOCALLY IMPOSED TAXES

## Business District Development and Redevelopment Tax (BDST)

- The tax is designed to fund the development or redevelopment of designated areas within a municipality and can be imposed if the area
  - Is contiguous, and
  - Is blighted, as defined in 65 ILCS 5/11-74.3-5.
- Address specific!
- Voter approval is not required.
- Maximum rate of 1.00%. (.25% increments)
- Tax can be imposed for no longer than 23 years. An ordinance must be filed to rescind the tax.
- Administrative Fee: 2%

# LOCALLY IMPOSED TAXES

## **Business District Development and Redevelopment Tax (BDST)**

(continued, page 2)

- A certified ordinance imposing the tax and additional documentation 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.
- Additional documentation needed:
  - A detailed map of the business district boundaries
  - A copy of the development or redevelopment plan for the business district, and
  - A detailed list of every address, registered with the USPS, located within the district's boundaries.

# LOCALLY IMPOSED TAXES

## Business District Development and Redevelopment Tax (BDST) (continued, page 3)

- Changes that can be made after a district becomes effective:
  - Add new or change/delete existing addresses
  - Boundaries for an existing business district can be changed
  - Increase or decrease the business district sales tax rate
- These changes must be reported to our office by the same ordinance deadlines.
- Due to Leveling the Playing Field, residential addresses can generate BDST revenue as well.

# LOCALLY IMPOSED TAXES

## Municipal Motor Fuel Tax (MMFT)

- Only municipalities in Cook County can implement a municipal motor fuel tax.
- Multi-County municipalities can choose to impose across the entire muni, or just in the Cook County portion.
- Maximum rate of \$0.03/gallon (\$0.01 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: 1.5%

# LOCALLY IMPOSED TAXES

## County Motor Fuel Tax (CMFT)

- Only DuPage, Kane, Lake, McHenry, and Will Counties can implement CMFT.
- 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)

(continued)

- 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](http://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, 2025, is 2.82%.

# LOCALLY IMPOSED TAXES

## Municipal Cannabis Tax (MCAN)

- Rates can be imposed in 0.25% increments with a maximum of 3.0%.
- 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

## 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 many 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.
- You must also protect this information at your local government meetings and on any reports provided at these meetings.

# GROCERY TAX

- The state's 1% grocery tax is eliminated effective January 1, 2026.
- Municipalities and counties may impose their own local grocery tax by ordinance.
- As long as your ordinance is postmarked on or before October 1, 2025, there will not be a lapse in your grocery tax receipts.
- Sample ordinances are on our website.
- There will not be an administrative fee taken by IDOR on locally-imposed grocery taxes.
- The grocery tax can be passed and imposed at any time following the April 1 and October 1 ordinance deadlines. In other words, this is not a one-time opportunity.

# GROCERY TAX

(continued)

- LTAD cannot provide specific statistics on low-rate grocery items.
  - All low-rate items are reported together on Form ST-1, making it impossible to separate groceries from drugs/medical devices.
  - We cannot provide a local government-specific number for the 2022-2023 grocery tax suspension credit. Those statistics were reported at the corporate level by retailers and not broken down by site.
- To calculate your local government's share of the state's 1% tax on groceries, you may use our SIC reports.
  - It's important to note that businesses self-report their SIC code to IDOR.
  - A business may sell groceries but not fall under a specific grocery code.
- Consequently, this reporting method should not be solely relied upon for an accurate assessment of the revenues that might be generated if you impose a 1% tax on groceries.

# SIMPLIFIED MUNICIPAL TELECOMMUNICATIONS TAX (MTT)

- A tax on the privilege of originating or receiving telecommunications and on retailers engaged in the business of transmitting such telecommunications.
- Voter approval is not required.
- State rate is 8.65%.
- Tax is imposed in increments of 0.25%, with a maximum rate of 6.00%.
- A certified ordinance imposing the tax must be sent to our office by:
  - March 20 to become effective July 1 of the same year, or
  - September 20 to become effective January 1 of the following year.
- Administrative fee: 0.5%

# SIMPLIFIED MUNICIPAL TELECOMMUNICATIONS TAX (MTT)

(continued)

- The tax is imposed on LAN lines, cellular phones, pagers, stationary two-way radios, etc.
- Prepaid telephone cards and data plans are not included.
- Federal and State governments and state universities created by statute, are exempt from this tax.
- The municipality is responsible for providing each telecommunications provider with a list of addresses located within their taxing jurisdiction.
- Telecommunications providers are notified of tax rate increases or decreases through an informational bulletin posted on our website.
- Same four-month collection cycle as sales tax.

# TELECOM TAX DISTRIBUTIONS

(Fiscal Year July 1 through June 30)

| (\$Millions) | <b>Annual Amount</b> |
|--------------|----------------------|
| FY-16        | 232.9                |
| FY-17        | 212.8                |
| FY-18        | 193.9                |
| FY-19        | 189.8                |
| FY-20        | 161.5                |
| FY-21        | 140.4                |
| FY-22        | 127.1                |
| FY-23        | 120.3                |
| FY-24        | 113.7                |
| FY-25        | 110.0                |

# 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)

(continued, page 2)

- 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)

(continued, page 3)

- 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. Refer to the county for the tax levy from the appropriate year.

# PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

(continued, page 4)

- 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.
- We are not going to give you an estimate of the estimate.

# PPRT DISTRIBUTIONS

(Fiscal Year July 1 through June 30)

| (\$Millions) | <b>Annual Amount</b> |
|--------------|----------------------|
| 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              |
| FY-22        | 4,018.4              |
| FY-23        | 4,541.8              |
| FY-24        | 2,991.5              |
| FY-25        | 1,983.6              |

# PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

(continued, page 5)

- Estimated Payments made throughout the year
- IDOR then reconciles estimated payments with final tax returns on an annual basis once they have been received.
- Once reconciliation occurs, funds for local taxing districts are reallocated.
- This reallocation has been minimal over the last several years, ranging from 0.16% to 1.38%.
- However, the review of the tax year 2021 returns resulted in a calculated reallocation of 5%.

# PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

(continued, page 6)

- The 5% reallocation was most likely caused by tax policy changes.
  - State and Local Tax (SALT) deduction cap
  - Pass-Through Entity Tax (PTE)
  - Large increases in business income tax receipts
- The reallocation in fund distributions began in FY24.
  - Increase in LGDF allocations (Income Tax)
  - Decrease in PPRT allocations

# 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 collected.

# INCOME TAX (INC)

- Income Tax is imposed on:
  - Individuals, Trusts and Estates – 4.95% of net income
  - Corporations – 7.00% of net income
- Local governments receive
  - 6.47% 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) | <b>Annual Amount Per Capita</b> |       |
|--------------|---------------------------------|-------|
| 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 |
| FY-22        | 1,968.9                         | 153.4 |
| FY-23        | 1,996.8                         | 155.9 |
| FY-24        | 2,135.0                         | 166.6 |
| FY-25        | 2,277.4                         | 177.7 |

# LOCAL USE TAX (ULO)

- Imposed on the privilege of using, in Illinois, any item of tangible personal property purchased anywhere at retail.
- Items other than titled or registered property:
- Reported by individuals (ST-44) and retailers (ST-1).
- Examples of Use Tax liability:
  - Purchases, leases, or rentals 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. Lease, or rental inventories for their own use.
  - Out-of-State sellers with no Illinois physical presence who do not meet an economic presence threshold (voluntary use tax collectors, wine shippers).

# LOCAL USE TAX (ULO)

(continued, page 2)

- Imposed on the privilege of using, in Illinois, any item of tangible personal property purchased anywhere at retail.
- Titled or registered items:
- Reported on RUT-25, RUT-25-LSE or RUT-50.
  - Examples of Use Tax liability:
    - Purchases at retail (RUT-25) or long-term leases (RUT-25-LSE) of titled or registered items from out of state, unregistered dealers or retailers or private party sales.
    - Illinois retailers withdraw titled/registered property from their sales inventories for their own use (RUT-25).
    - Private party purchases (Vehicle Use Tax; RUT-50)

# LOCAL USE TAX (ULO)

(continued, page 3)

- State rates for use tax:
  - 6.25% General merchandise
  - 1.00% Qualifying 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)

(continued, page 4)

- 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)
  - Remaining balance to municipal and county governments (except Chicago) based on their population.

# LOCAL USE TAX (ULO)

(continued, page 5)

- Public Act 103-0983 requires that all retail sales sourced outside of Illinois and made to Illinois customers by retailers with nexus to Illinois are subject to destination-based Retailers' Occupation Tax (ROT).
- The first disbursement impacted by this legislation was received in April, and you can see how Use Tax was impacted, as well as the corresponding increases in Sales Taxes.

|             | April 2024        | April 2025        |
|-------------|-------------------|-------------------|
| <b>MT</b>   | \$ 184,413,134.58 | \$ 209,702,900.15 |
| <b>CT</b>   | \$ 6,443,917.24   | \$ 8,983,942.17   |
| <b>CST</b>  | \$ 23,039,087.71  | \$ 26,123,718.46  |
| <b>HMR</b>  | \$ 107,890,988.49 | \$ 123,048,602.08 |
| <b>NHMR</b> | \$ 16,588,251.98  | \$ 19,888,407.62  |
| <b>USE</b>  | \$ 24,978,107.02  | \$ 4,993,221.16   |

# LOCAL USE TAX (ULO)

(continued, page 6)

- Because of this statutory change, there are now only three out-of-state groups still operating with origin sourcing and reporting Use Tax:
  - Voluntary Use Tax Filers.
  - Wine Shippers.
  - Out-of-state servicemen who have nexus with Illinois (responsible for remitting only SUT on transfers of personal property incident to sales of service).

# USE TAX DISTRIBUTIONS

(Fiscal Year July 1 through June 30)

| (\$Millions) | Annual Amount | Per Capita |
|--------------|---------------|------------|
| 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       |
| FY-22        | 392.8         | 38.9       |
| FY-23        | 412.8         | 41.0       |
| FY-24        | 380.1         | 37.8       |
| FY-25        | 286.1         | 28.4       |



# 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)

| (\$ Millions) | Annual Amount | Per Capita |
|---------------|---------------|------------|
| FY-20         | 3.2           | 0.25       |
| FY-21         | 12.6          | 0.99       |
| FY-22         | 20.5          | 1.6        |
| FY-23         | 19.7          | 1.5        |
| FY-24         | 20.3          | 1.6        |
| FY-25         | 20.0          | 1.6        |

# AVIATION FUEL TAX

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

David Salgado, P.E.  
Sr. Airport Program Engineer  
Bureau of Airport Engineering  
I.D.O.T. Div. of Aeronautics (217) 524-1580

- 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."

# 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. This is between you and the taxpayer. If they agree to provide their data to you, IDOR doesn't need to be involved.

# CONFIDENTIALITY OF TAXES

(continued)

- 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

- All municipalities and counties 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. These either need to be mailed to LTAD, or can be submitted through MyLocalTax using the, “Submit Reciprocal Agreement” function.

# INFORMATION EXCHANGE AGREEMENTS

(continued, page 2)

- 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

(continued, page 3)

- Recertification is due annually from the last time you updated your agreement, not necessarily on January 1. LTAD will contact you when your agreement is updated.
- 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.
- When recertifying your agreement or changing the approved list on your agreement, please use our template, do not make any changes to the template. Make sure you're using the current version.
- Also, when recertifying or changing, include the list of ALL names on the approved list, not just the new name(s).

# INFORMATION EXCHANGE AGREEMENTS

(continued, page 4)

- An individual included on your local government's information exchange agreement can then register for a logon for MyLocalTax with confidential access.
- Confidential access allows the user to:
  - Request an allocation remittance report.
    - Provides tax revenue received from every business in your jurisdiction.
  - Submit reciprocal agreement documentation.
  - Submit a certified copy of an ordinance or resolution.
  - View confidential correspondence.

# IMPORTANCE OF GETTING ADDRESSES CORRECT

- When a business registers or edits an existing account, IDOR's system places that address in a specific jurisdiction.
- A simple typo or abbreviation can cause this address to be placed in an incorrect jurisdiction.
- A business inadvertently entering their mailing address as their business address can also cause errors.
- Tax rates are hard coded to locations, so if the address is placed in the correct jurisdiction, tax revenue will flow to the correct local governments.
- LTAD cannot review everything alone, local governments have a responsibility to do their part in making sure everything is correct.

# 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.
- Complete the tax location verification process monthly.
- Promptly report annexations to our office.
- Complete the annual boundary review.

# ANNUAL TAXPAYER LOCATION ADDRESS LIST

- Zone 1 August
- Zone 2 September
- Zone 3 October
- Zone 4 November
- Zone 5 December
- Zone 6 January
- Zone 7 February
- Zone 8 March
- Zone 9 April
- Zone 10 May
- Zone 11 June
- Zone 12 July



# ANNUAL TAXPAYER LISTING

- This report is now provided via MyLocalTax (MLT) using the schedule on the previous slide.
- If you do not have an account, you must contact our office to request the report.
- Taxpayer listings can be ordered at any time through MLT, so you don't have to wait for your annual listing.

# REPORT DISCREPANCIES

- Per statute, IDOR can only re-allocate funds for six distributions from the date we are notified of the discrepancy.
- For example, if a business is registered to the wrong jurisdiction for three years before you notify us, we can only take back six months of distributions from the incorrect jurisdiction to give to you.
- It may take time to research this discrepancy, and other divisions within IDOR may have to get involved, so this may not be a quick process. However, we will always use the notification date to make the adjustments.
- We will contact you once the adjustment has been made. You don't need to continually follow-up. If LTAD had to refer the issue to another Division, it may take 1-2 years for the process to be completed.

# TAX LOCATION VERIFICATION

- Monthly letter is generated on the 15<sup>th</sup> of each month and either sent via MLT or mailed.
- Report is broken down into three categories:
  - New/Reinstated Businesses
  - Discontinued Businesses
  - Verified by LTAD
- It is very important that you complete this each month so discrepancies can be caught before incorrect allocations are made.
- In MLT, the period you select is one month less than the month on your letter.
  - Example: You receive a letter dated 05/15/2025, select April 2025 in MLT to complete the verification process.



# TAX LOCATION VERIFICATION

(continued, page 2)

- The address is 95% of the tax location verification process.
  - We need to know if the address is within your jurisdiction. If it isn't, let us know which jurisdiction it belongs to, if you know.
  - We know the businesses listed as Discontinued are out of business, you don't need to reply to tell us that.
  - If you feel that a business listed as Discontinued is still doing business, they may have just made some changes to their license.
    - Check the TLV letter to see if the business is listed under New/Reinstated or Verified by LTAD.
    - Order a new taxpayer listing to see if a business is still operating at that address.

# TAX LOCATION VERIFICATION

(continued, page 3)

- Every business listed on your TLV letter has registered with IDOR.
- You do not need to report the status of a local business license to LTAD.
- Regardless of whether a business is an online or home-based business, they still generate tax revenue for your jurisdiction.
- If you feel a business has provided IDOR with an address other than their business address, (e.g., mailing address), please notify LTAD.
- Changing locations (CL) should not appear on your letter, but if the business registered the site incorrectly, they will.

# TAX LOCATION VERIFICATION

(continued, page 4)

- MLT has two functions for use in completing the monthly TLV process:
  - “Respond to Tax Location Verification” is for use in responding to items listed on your letter’s “Verified by LTAD” page(s).
  - “Verify Tax Locations” is for use in responding to items listed on your letter’s “New/Reinstated or Discontinued” page(s).
- LTAD staff uses both GIS mapping and property tax bills to determine the correct jurisdiction.

# TAXPAYER LISTING AND TLV HELP

- PTAX-1002-12 Retailer Verification by Local Governments
- You will see a lot of non-local addresses, which will typically be for CL's.
  - This is due to the Leveling the Playing Field for Illinois Retail Act.
  - Remote retailers are required to register sites in Illinois.

# ANNEXATIONS OR DISCONNECTIONS

- Take effect the date the ordinance is passed.
  - If possible, vote on the ordinance the first of the month or postdate the ordinance to take effect the first to make tax filing easier for any affected businesses.
- Prompt notification ensures the sales tax paid by the newly annexed businesses will properly allocate to your local government.
- It is the municipality's responsibility to notify affected businesses of the effective date of the annexation and the correct tax rate.
  - If possible, give them advanced notice so they can adjust their cash registers and computer software.

# BOUNDARY REVIEW

- By statute, beginning in February 2022, IDOR must provide a map of the current boundaries on file for your jurisdiction. The map link is sent via MLT and shape files can be sent to or requested from [REV.GIS.Tech@illinois.gov](mailto:REV.GIS.Tech@illinois.gov).
- Share with your GIS group or other interested parties!

# LOCAL GOVERNMENT RESPONSIBILITY

- If you:
  - Review your Annual Taxpayer Listings,
  - Complete the TLV process monthly,
  - Promptly report annexations and disconnections, and
  - Complete the annual boundary review,

**There should be no issues with your allocations!**

- The first time you compare the TPL to your local business license list, water bill list, or other method, might be time consuming.
- Moving forward, this should be an easy process for you.

# LOCAL GOVERNMENT RESPONSIBILITY

(continued)

- Assuming the addresses are correctly placed in your jurisdiction and all businesses are registered with IDOR, the state business certificate will reflect the right jurisdiction.
- The business will also have the correct tax rate applied to their account.
  - Regardless of the rate they collect from their customers, they will pay the correct rate to IDOR (assuming they file electronically).
  - We want to ensure they collect the correct rate, so check receipts and send any incorrect receipts to LTAD.



# TAX RETURN DATA DRIVES ALLOCATIONS

- Tax collections and allocations are derived directly from tax returns.
- Returns are signed stating that the returns are accurate.
- Everyone can amend a tax return, if necessary.
- Tax return data is provided as a lump sum amount; IDOR doesn't receive individual transactions.
- Low-rate items are reported together.
- Multi-sites reported separately.
- Allocation is correct based on data received. An audit or amended return can change that data, and therefore, the allocation.

# ALLOCATION REMITTANCE REPORTS

- Replaced the CD's LTAD used to send tri-annually.
- Can request 1, 3, and 12-month reports at any time.
- Data is only available for 3 years.
  - Look in messages for older reports.
- The month you select is the allocation period. If you want to view the report for funds you received in April, you would order the February report.
- Admin fee nor interest are reflected in the amounts, so the numbers won't match your allocations.
- Your portion of the filing discount is reflected in the data.
- Multi-county munis can now order from one account.
- Confidential!!

# COMMON MYLOCALTAX PORTAL QUESTIONS

- 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.

# COMMON MYLOCALTAX PORTAL QUESTIONS

(continued, page 2)

- You do not create a password when you register for an account. The first time you logon to your account the Letter ID from the activation letter we mail you must be used as your password.
- If your local government does not have a reciprocal agreement or you, specifically, are not included on the agreement, you cannot register for confidential access. We will deny your registration.
- Establish the agreement first, then register for MLT.
- If you already have basic access then establish an agreement, we can change your access level, you do not need to re-register.

# COMMON MYLOCALTAX PORTAL QUESTIONS

(continued, page 3)

- If you receive a message that says, “this profile has been deleted,” you failed to recertify your reciprocal agreement timely. Your account will be unlocked once recertification has been completed.
- Electronic correspondence is sent to all MLT users for a given local government. This means the clerk will see correspondence directed to the treasurer and vice versa. We do not distinguish which account to send a specific letter to, so you need to work out internally who is responsible for each item.
- Along those same lines, the default address is for the clerk, so everyone will see “Clerk” when you logon to your account.

# 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.

# 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

(continued)

- LTAD Quarterly Newsletter
  - January, April, July, October
  - Will be posted to our website, sent through MLT, and will receive a message through GovDelivery.
  - Older newsletters have been archived.
- IDOR's Messaging Service
  - Sign up on website
  - Short messages to alert you of news
    - When this presentation posts, when the PPRT estimate is posted, rate change bulletins, etc.



# CONTACTS

Office of the Comptroller

(217) 557-0930

[www.illinoiscomptroller.gov](http://www.illinoiscomptroller.gov)

Illinois Gaming Board

(217) 524-0226

[www.igb.Illinois.gov](http://www.igb.Illinois.gov)

Office of the Treasurer

The Illinois Funds Program

(217) 524-4910

[www.IllinoisFunds.com](http://www.IllinoisFunds.com)



# CONTACTS

(continued)

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) 785-6518 | Senior Citizens Real Estate Tax Deferral Program |

# LINKS FROM PRESENTATION

IDOR Website: <https://tax.illinois.gov/>

LTAD Website: <https://tax.illinois.gov/localgovernments/localtaxallocation.html>

Disbursement Reports: <https://tax.illinois.gov/localgovernments/disbursements.html>

Tax Types Detail: <https://tax.illinois.gov/localgovernments/localtaxallocation/taxes-distributed-to-local-governments.html>

Newsletters: <https://tax.illinois.gov/localgovernments/localtaxallocation/ltad-quarterly-newsletter.html>

Training Materials: <https://tax.illinois.gov/localgovernments/localtaxallocation/training-materials-for-local-government-officials.html>

Forms and Agreements: <https://tax.illinois.gov/localgovernments/localtaxallocation/forms-and-agreements.html>

# LINKS FROM PRESENTATION

(continued)

PTAX-1002-12: <https://tax.illinois.gov/localgovernments/localtaxallocation/taxpayer-location-verification-by-local-governments.html>

MyLocalTax: [https://mytax.illinois.gov/mylocaltax/\\_/](https://mytax.illinois.gov/mylocaltax/_/)

Tax Rate Finder: <https://mytax.illinois.gov/?Link=TaxRateFinder>

SIC Reports: <https://webapps.illinois.gov/rev/sic>

Comptroller's Vendor Payments: <https://illinoiscomptroller.gov/vendor-services/vendor-payments-new>

# 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](mailto:REV.LocalTax@Illinois.gov)

Website: <https://tax.illinois.gov/localgovernments/localtaxallocation.html>



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