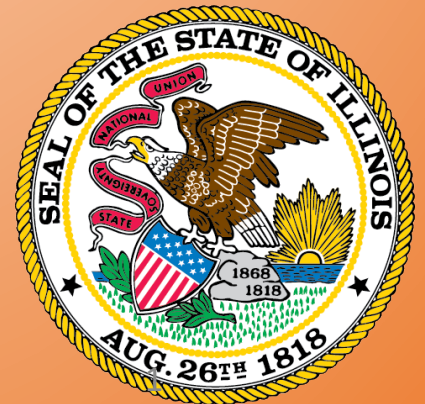


Illinois Department of Revenue 2023 Local Government Workshop



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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
- 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

*With the grocery tax suspension, the state has still been paying local governments the 1% they are due. That suspension ends on June 30th, 2023.

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-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 |
| FY-22 | 2,251.6 | 77.2 | 297.8 |
| FY-23 | 2,371.1 | 85.0 | 315.4 |

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 MyTax 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.
- 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.
- Tax is imposed by ordinance after voter passage of a referendum.
- Maximum rate of 1.00%. (.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

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.
- 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)

- 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)

- 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.
- 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)

- 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, 2023, is 7.41%.

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

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 7%
- 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)

- 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) | Annual Amount |
|--------------|---------------|
| FY-14 | 259.2 |
| FY-15 | 227.4 |
| 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 |

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

PPRT DISTRIBUTIONS

(Fiscal Year July 1 through June 30)

| (\$Millions) | Annual Amount |
|--------------|----------------------|
| 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 |
| FY-22 | 4,018.4 |
| FY-23 | 4,541.8 |

PERSONAL PROPERTY REPLACEMENT TAXES (PPRT)

- 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)

- 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 will begin in FY24.
 - Increase in LGDF allocations (Income Tax)
 - Decrease in PPRT allocations
- Refer to the FY 24 PPRT estimate that will be posted on our website in early August.
- Notification was mailed to ALL taxing districts in May, as well as via MLT and GovDelivery messages.

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
- As of August 1, 2023, 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) | Annual Amount | Per Capita |
|--------------|---------------|------------|
| 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 |
| FY-22 | 1,968.9 | 153.4 |
| FY-23 | 1,996.8 | 155.9 |

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-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 |
| FY-22 | 392.8 | 38.9 |
| FY-23 | 412.8 | 41.0 |

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)

| (\$ 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 |

AVIATION FUEL TAX

- You must certify an airport purpose to IDOT on or before May 1st 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.

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.
- 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.
- Also, when recertifying or changing, include the list of ALL names on the approved list, not just the new name(s).
- Documentation can be submitted using the "Submit Reciprocal Agreement" function in MyLocalTax.

INFORMATION EXCHANGE AGREEMENTS

- 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.

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

- 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 MyLocalTax.
- 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

- 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 MyLocalTax 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.

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.

REBATE SHARING AGREEMENTS

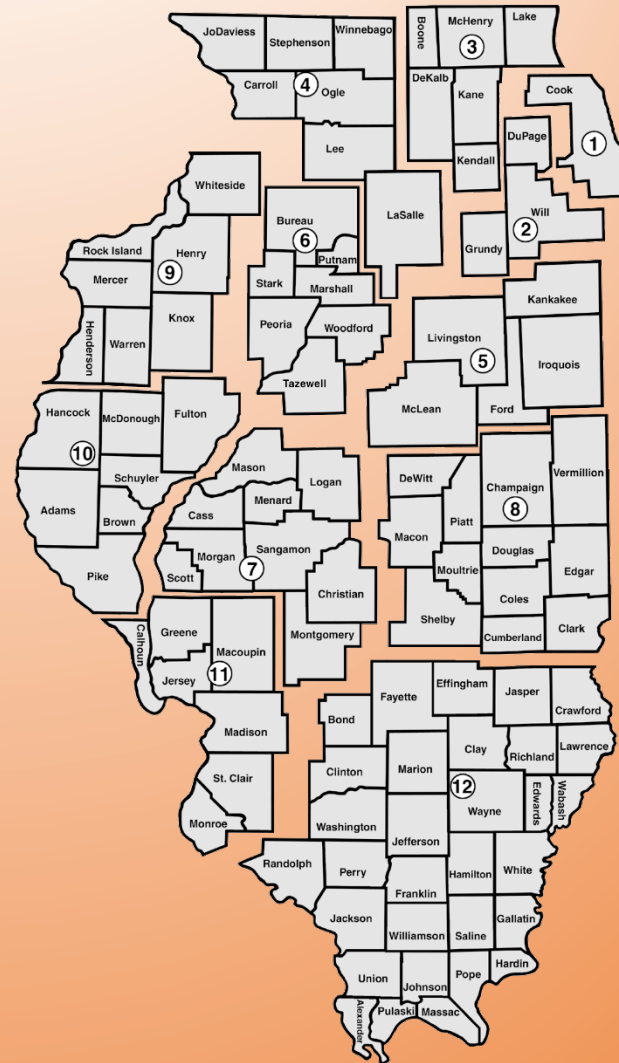
- Any changes made to an existing agreement, including ending the agreement early, must be made by using the “Enter or Amend Rebate Sharing Agreement” function in MyLocalTax. LTAD staff cannot make updates to your agreement for you.
- By statute, rebate sharing agreements must be reported to IDOR.
- Please use the “Search for Rebate Sharing Agreements” function in MyLocalTax to determine if your agreements have been reported to IDOR.

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.

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 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 MyLocalTax, 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 departments 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 15th of each month and either sent via MyLocalTax 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 MyLocalTax, the period you select is one month less than the month on your letter.
 - Example: You receive a letter dated 05/15/2023, select April 2023 in MyLocalTax to complete the verification process.

TAX LOCATION VERIFICATION

- 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.
 - 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
 - Order a new taxpayer listing to see if a business is still operating at that address.

TAX LOCATION VERIFICATION

- 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 should not appear on your letter, but if the business registered the site incorrectly, they will.

TAX LOCATION VERIFICATION

- 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.

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.

ANNEXATIONS OR DISCONNECTIONS

- Documentation sent to IDOR should include:
 - A certified copy of the annexation ordinance
 - A copy of the plat of annexation
 - A statement verifying that a copy of the annexation ordinance was filed with your county government
 - The effective date of the annexation, and
 - The name and address of any retail business located in the area
 - The name of the business owner
 - The Illinois Account ID, or
 - In the case of a disconnection, the certified ordinance, final judgement, or resolution of disconnection, and a plat of the disconnected territory.

ANNEXATIONS OR DISCONNECTIONS

- County Clerks must submit Form PTAX 270, Abstract of Changes in Taxing District Boundaries within 30 days of annexation.
- A municipality can request a special census conducted by the Bureau of the Census, which can increase the number of residents within the municipality when residential areas are annexed into the corporate limits.

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 has to provide a map of the current boundaries on file for your jurisdiction. The map link is sent via MyLocalTax and shape files can be sent to or requested from REV.GIS.Tech@illinois.gov.

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.

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
 - 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, rate change bulletins, 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://tax.illinois.gov/localgovernments/localtaxallocation.html>

**Printed by the authority of the state of Illinois,
Electronic, 1, Updated 06/13/2023**

