ST 25-0048-GIL 09/11/2025 SUSTAINABLE AVIATION FUEL

> From July 1, 2023 through December 31, 2032, sustainable aviation fuel ("SAF") sold to or used by an air common carrier, certified by the carrier to be used in Illinois, earns a Sustainable Aviation Fuel Purchase Credit ("SAFPC") in the amount of $1.50 per gallon of SAF purchased. To use the SAFPC, the purchaser shall certify to the seller of the aviation fuel that the purchaser is satisfying all or part of its liability for the 6.25% tax under the Use Tax Act or the Service Use Tax Act that is due on the purchase of aviation fuel by use of SAFPC. See 86 Ill. Adm. Code 130.333. (This is a GIL).

September 11, 2025

NAME
COMPANY
ADDRESS

Dear NAME:

This letter is in response to your letter dated June 13, 2025, in which you requested information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at https://tax.illinois.gov/ to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

> This is a General Information Letter requesting some guidance about the Title 86, Chapter I, Part 130, Section 130.333 Sustainable Aviation Fuel Purchase Credit.
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> After review of the Administrative Code relative to this tax credit, we have a few questions:

1. **Caps, or limits** – While we see the Code's annual limitation for the generation of this Sustainable Aviation Fuel Purchase Credits (SAFPC) to a maximum of 10 million gallons (in the statewide aggregate among all program participants) of ***soybean oil*** derived SAPC's, we can see no limit on the annual generation of SAPC's that are associated with SAF produced from feedstocks *other than* soybean oil. I.e. it appears that there is no limit on the number / quantity of SAFPC's generated annually with respect to SAFPC's associated with the use of SAF that is produced from Used Cooking Oil, Animal Fat, or waste (Distillers) Corn Oil. Is this a correct understanding with respect to annual limits for the number of SAFPC's the program can generate for aviation fuel users in this state program?

2. **Use limitations on the SAFPCs** – We see in the Code that SAFPC's are not refundable or transferable, and further – that any unused SAFPC's effectively expire on December 31, 2032. These provisions imply that any SAFPCs earned in a particular year, that are not consumed, or used in that same year, can be carried forward. (Let's use the example of calendar year 2026) If an air common carrier uses 4,000,000 gallons of SAF in 2026, and therefore generates 4,000,000 x $1.50 per gallon used = $6,000,000 of SAFPCs, and only has an aviation fuel sales tax liability in 2026 of $5,000,000, then this "excess" of $1,000,000 of available SAFPC's earned in 2026 would be able to be used against the air common carrier's 2027 aviation fuel sales tax liability. Is this a correct understanding in the ability to carry-forward SAFPC's that are earned in one year, but not fully used in the same year (of earning?) Of course, we note that any SAFPC's unused as of December 31 2032 will expire and will not be useable thereafter.

3. **Soybean Cap provisions** – With respect to the below language in the Administrative Code relative to the soybean oil-derived SAF, and how any (Soybean oil-derived SAF) exceedance is resolved:

    a. *"Until January 1, 2033, on an annual basis, running from January through December each year, no credit may be earned by an air common carrier for soybean oil-derived SAF once air common carriers in this State have collectively purchased SAF containing 10,000,000 gallons of soybean oil feedstock. [35 ILCS 105/3-87; 35 ILCS 110/3-72] If the amount of credit earned during any calendar year reported to the Department by air common carriers includes credit earned on soybean oil-derived SAF that exceeds 10,000,000 gallons of soybean oil feedstock, then the credit earned on soybean oil-derived SAF shall be reduced proportionately to meet this cap."*

b. Our understanding is that this language/provision/intent only applies to SAFPC's associated with Soybean oil-derived SAF and has no effect-on or relationship-to SAFPC earning that are associated with SAF produced from other (eligible) feedstocks that also meets the eligibility criteria for SAF as defined in the Code. Is this correct?

The main theme of these questions goes to program limitations. Our read of the Code only indicates a cap, or limitation with respect to the annual amount of soybean oil-derived SAFPC's and that no cap or limitation exists on an annual basis for SAFPC's for any other reason. Is this correct?

We recognize that this is a General Information Letter, and your answers are not legally binding. And we greatly appreciate any guidance in this context, that you can provide.

DEPARTMENT'S RESPONSE:

From July 1, 2023 through December 31, 2032, sustainable aviation fuel ("SAF") sold to or used by an air common carrier, certified by the carrier to be used in Illinois, earns a credit in the amount of $1.50 per gallon of SAF purchased. The credit earned is referred to as the Sustainable Aviation Fuel Purchase Credit or SAFPC. Only that portion of each gallon of aviation fuel that consists of SAF is eligible to earn the credit. 86 Ill. Adm. Code 130.333(a)(1). To use SAFPC, the purchaser shall certify to the seller of the aviation fuel that the purchaser is satisfying all or part of its liability for the 6.25% tax under the Use Tax Act or the Service Use Tax Act that is due on the purchase of aviation fuel by use of SAFPC. The credit may be applied only to the 6.25% State rate of tax incurred on aviation fuel. 86 Ill. Adm. Code 130.333(c)(1). SAF is generally described by the U.S. Department of Energy as an alternative fuel made from non-petroleum feedstocks that reduces emissions from air transportation. For a definition of SAF that qualifies for the credit, see 86 Ill. Code 130.333(b).

Until January 1, 2033, on an annual basis, running from January through December each year, no credit may be earned by an air common carrier for soybean oil-derived SAF once air common carriers in this State have collectively purchased SAF containing 10,000,000 gallons of soybean oil feedstock. 86 Ill. Adm 130.333(a)(5). There is, however, no limit on the annual generation of SAFPCs that are associated with SAF produced from feedstocks other than soybean oil.

SAFPC earned by an air common carrier expires on December 31, 2032. SAFPC is non-transferable and non-refundable. Taxpayers must account for the earning and usage of SAFPC on each monthly return filed with the Department, as deemed necessary by the Department. In addition, to monitor the number of gallons of soybean oil feedstock included in the SAF purchased and to monitor the earning and usage of SAFPC, air common carriers must periodically report this information in the form and manner required by the Department. 86 Ill. Adm. Code 130.333(a)(4). See Form ST-70-C Sustainable Aviation Fuel Purchase Credit Certification for further information. Properly documented and reported SAFPCs earned in a particular year that are not consumed or used in that same year can be carried forward until the credits expire on December 31, 2032. Any SAFPC's unused as of December 31, 2032 will expire and will not be useable thereafter.

I hope this information is helpful. If you require additional information, please visit our website at https://tax.illinois.gov/ or contact the Department's Taxpayer Information Division at 800-732-8866.

Very truly yours,

Samuel J. Moore
Associate Counsel

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