



Illinois Department of Revenue

Legal Services Office
101 W. Jefferson St. MC 5-500
Springfield, IL 62702

SECOND NOTICE OF PROPOSED RULEMAKING

- 1) Agency: Illinois Department of Revenue
- 2) Title and Ill. Adm. Code Citation of Proposed Rulemaking: Retailers' Occupation Tax, 86 Ill. Adm. Code 130
- 3) Date, Issue, and page number of the Illinois Register in which the First Notice was published: May 29, 2026; Issue 22, 50 Ill. Reg. 7448
- 4) Text and Location of any Changes Made to the Proposed Rulemaking During the First Notice Period: No changes made.
- 5) Final Regulatory Flexibility Analysis:
 - A. Summary of the issues raised by affected small businesses during the First Notice Period: Small businesses did not raise any issues during the First Notice Period.
 - B. Description of actions taken on any alternatives to the proposed rule suggested by small businesses during the First Notice Period, including reasons for rejecting alternatives not utilized: Not applicable.
- 6) Analysis of the Economic and Budgetary Effects of the Proposed Rulemaking: See attached Agency Analysis.
- 7) Response to Recommendations Made by the Administrative Code Division for Changes in the Rule to Make It Comply with the Codification Scheme: All changes requested by the Administrative Code Division have been made.
- 8) Evaluation of the comments received by the agency from interested persons during the first notice period (but not including any questions raised by the Joint Committee in a preliminary review) including:
 - A. Date of any public hearing held during the first notice period. Name of the person or group requesting a hearing: No public hearing requested.

- B. The names and addresses of all individuals or groups making comments or requesting the opportunity to make comments: No comments received.
 - C. A list of all specific criticisms and suggestions raised in the comments:
 - D. The agency's evaluation of each of the specific criticisms and suggestions: No comments received.
 - E. A statement that the agency has considered all comments received during the first notice period: The Department has reviewed and considered all comments received during the First Notice Period.
- 9) An analysis of the expected effects of the proposed rulemaking, including:
- A. Impact on the public: No impact on the general public.
 - B. Changes in the agency's programs or structure resulting from implementation of the rulemaking: None.
 - C. Impact of proposed rule on small businesses. Methods used by Agency to comply with 5 ILCS 100/5-30, including reasons for rejecting any methods not utilized: The Public Act that this rule implements will affect businesses to the extent that they do not keep required books and records to show the location of their sales. Without this information, the Department may now apply a 15% rate when the appropriate local sales tax rate cannot be determined. Any economic effects are the result of P.A. 104-0006 that this rulemaking is implementing and are not the result of this rulemaking itself. No additional skills are required to comply, and retailers should already be keeping complete books and records with the location of their sales. The Department is currently administering the tax as required by the statute, and therefore, the methods described in 5 ILCS 100/30 are not legal or feasible in meeting the requirements of the Retailers' Occupation Tax Act. The Department published the proposed rulemaking in the Illinois Register and on the Department's website.
- 10) A justification and rationale for the proposed rulemaking, including:
- A. Any changes in statutory language requiring the proposed rulemaking: Article 25 of the Public Act 104-0006.

- B. Any changes in agency policy, procedures, or structure requiring the proposed rulemaking: None
 - C. Relationship to any relevant federal rules, regulations, or funding requirements: None
 - D. Court orders or rulings which are related to the rulemaking: None
 - E. A complete explanation of any other reasons for the proposed rulemaking: No other reasons exist.
- 11) Does this rulemaking include an incorporation by reference pursuant to Section 5-75 of the Illinois Administrative Procedure Act? No.

Agency Personnel Who Will Respond to Joint Committee Questions Regarding the Proposed Rulemaking:

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AGENCY ANALYSIS OF ECONOMIC AND BUDGETARY EFFECTS OF PROPOSED RULEMAKING

Agency: Department of Revenue

Part/Title: 86 Ill. Adm. Code 130, Retailers' Occupation Tax

Illinois Register Citation: May 29, 2026, Issue 22, 49 Ill. Reg. 7448

Please attempt to provide as dollar-specific responses as possible and feel free to add any relevant narrative explanation.

1. Anticipated effect on State expenditures and revenues.

- (a) Current cost to the Agency for this program/activity. The cost to administer the sales tax is \$79,555,400 per year. Enforcement of the provisions of these rules is part of the Department's overall costs of enforcing and administering the Retailers' Occupation Tax Act.
- (b) If this rulemaking will result in an increase or decrease in cost, specify the fiscal year in which this change will first occur and the dollar amount of the effect.
No specific increase or decrease in costs is anticipated.
- (c) Indicate the funding source, including Fund and appropriation lines, for this program/activity. The funding source for the Department's compliance costs is the Tax Compliance and Administration Fund and the General Revenue Fund.
- (d) If an increase or decrease in the costs of another State agency is anticipated, specify the fiscal year in which this change will first occur and the estimated dollar amount of the effect. None.
- (e) Will this rulemaking have any effect on State revenues or expenditures not already indicated above? Specify effects and amounts. No.

2. Economic effect on persons affected by the rulemaking.

- (a) Indicate the economic effect and specify the persons affected:

Positive____ Negative____ No effect X

Persons affected: The changes in this rulemaking have minimal economic effect. The public act that this rulemaking is implementing will have a negative effect only as to retailers who are not keeping the records required under the Retailers' Occupation Tax Act. Retailers are only subject to the higher rate established by Public Act 104-0006 if they are not in compliance with the law.

Dollar amount per person: Unknown.

Total Statewide cost: Unknown.

- (b) If an economic effect is predicted, please briefly describe how the effect will occur. No economic impact.
- (c) Will the rulemaking have an indirect effect that may result in increased administrative costs? Will there be any change in requirements such as filing, documentation, reporting or completion of forms? Compare to current requirements. The Department is already administering the Retailers' Occupation Tax Act in accordance with the statute. Changes were made to internal forms and technology to reflect the 15% rate. Filing and documentation requirements have not changed. The changes in the rulemaking do not result in increased administrative costs.

State Mandates Act Questionnaire

Agency: Illinois Department of Revenue

Part/Title: Part 130/Retailers' Occupation Tax (86 Ill. Adm. Code 130)

Illinois Register Citation: 50 Ill. Reg. 7448

1. Does this rulemaking affect any of the following: **No.**

Municipality

Other Unit of Local Govt.

County

School District

Township

Community College Dist.

2. Does this rule require any of the above entities to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues? **No.**

If no, please explain why the rule does not necessitate such additional expenditures. **This rulemaking does not concern local governments.**

3. Were any alternatives that do not necessitate additional expenditures considered? **No additional expenditures required.**

4. What are the policy objectives of the rulemaking? **This rulemaking addresses the 15% rate established by Article 25 of Public Act 104-0006 that applies when retailers do not provide adequate records to properly determine where a sale occurred and the corresponding local sales tax rate to apply.**

5. Please explain why the policy objectives of this rule cannot be achieved in the absence of the rule or through a rule that does not create a State Mandate. **This rulemaking does not create a State Mandate.**