



## 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: Service Use Tax, 86 Ill. Adm. Code 160
- 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. 7578
- 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: No comments received.
  - 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: Illinois customers of remote service persons who no longer have nexus with this State as a result of the elimination of the 200-transactions threshold must self-remit the Service Use Tax that they owe on the transfers of tangible personal property received as incidents of sales of service from such service persons. Illinois customers also must pay Service Use Tax on the transfer by rental or lease of tangible personal property as an incident of a sale of service.
  - 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 Acts that this rulemaking implements will affect small businesses who are remote service persons making fewer than 200 sales of service to Illinois purchasers who will no longer need to register with the Department and collect and remit the tax. Also, small businesses engaged in the transfer by lease of tangible personal property as an incident of sales of service are affected by Public Act 103-592. Any economic effects are the result of P.A. 104-0006 and P.A. 103-592 that this rulemaking is implementing and are not the result of this rulemaking itself. No additional skills are required to comply. 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 Service Use 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: Public Acts 103-0592 and 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 160, Service Use Tax

Illinois Register Citation: May 29, 2026, Issue 22, 49 Ill. Reg. 7578

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 Service Use Tax.
- (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 affect certain remote service persons and their customers as well as Illinois lessees of tangible personal property transferred incident to sales of service.

Dollar amount per person: None.

Total Statewide cost: None.

- (b) If an economic effect is predicted, please briefly describe how the effect will occur. The elimination of the 200 transaction tax remittance threshold is positive for remote service persons who may make 200 or more individual, low-selling price sales of service who will no longer need to register and remit Service Use Tax to Illinois on behalf of their customers. However, customers of these remote service persons will now need to self-remit their own Service Use Tax to the Department on purchases from such service persons. Purchasers must also pay Service Use Tax on transfers by rental or lease of tangible personal property as incident to sales of service.
- (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 amended its forms to account for these statutory changes, but they are being administered pursuant to statute. The changes in the rulemaking do not result in increased administrative costs.

## State Mandates Act Questionnaire

Agency: Illinois Department of Revenue

Part/Title: Part 160/Service Use Tax (86 Ill. Adm. Code 160)

Illinois Register Citation: 50 Ill. Reg. 7578

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 is updating the definition serviceperson maintaining a place of business in this State, removing the 200-transaction threshold to reflect changes made by Public Act 104-0006. This definition was also updated to reflect changes made by Public Act 103-592 extending the Service Use Tax Act to cover the transfer by lease of tangible personal property as an incident of a sale of service.**

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.**