



Illinois Department of Revenue

SECOND NOTICE OF PROPOSED RULEMAKING

- 1) Agency: Illinois Department of Revenue
- 2) Title and Ill. Adm. Code Citation of Proposed Rulemaking: Service Occupation Tax, 86 Ill. Adm Code 140.
- 3) Date, Issue, and page number of the Illinois Register in which the First Notice was published: May 10, 2024, Issue 19, 48 Ill. Reg. 6779.
- 4) Text and Location of any Changes Made to the Proposed Rulemaking During the First Notice Period: None.
- 5) Final Regulatory Flexibility Analysis:
 - A. Summary of the issues raised by affected small businesses during the First Notice Period: No issues were raised by small businesses during 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: No alternatives were suggested by small businesses.
- 6) Analysis of the Economic and Budgetary Effects of the Proposed Rulemaking: See attached 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 criticisms received.
 - D. The agency's evaluation of each of the specific criticisms and suggestions:
No criticisms received.
 - E. A statement that the agency has considered all comments received during the first notice period: No comments were received.
- 9) An analysis of the expected effects of the proposed rulemaking, including:
- A. Impact on the public: This rulemaking amends Part 140, Service Occupation Tax, to reflect new statutory developments.

Section 140.101 is amended to incorporate changes made by P.A. 103-0009 to dates as well as the percentages of proceeds subject to tax from sales of gasohol, majority blended ethanol fuel, and mid-range ethanol blends.

Section 140.125 is amended to incorporate changes made by P.A. 103-0009 to expand the exemption for materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft to include aircraft engines or power plants and extends the exemption to December 31, 2029.
 - 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: This rulemaking simply implements new statutory developments. No additional skills are required to comply. The Department is currently implementing the Service Occupation Tax Act as required by P.A. 103-0009, and therefore, the methods described in 5 ILCS 100/30 are not legal or feasible in meeting the requirements of the Service 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:
Implements changes made by Public Act 103-0009 to the Service Occupation Tax Act codified at 35 ILCS 115/3-5(29) and 115/3-10.

- 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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