



Illinois Department of Revenue

Legal Services Office
101 W. Jefferson St. MC 5-500
Springfield, IL 62794

SECOND NOTICE OF PROPOSED RULEMAKING

- 1) Agency: Illinois Department of Revenue
- 2) Title and Ill. Adm. Code Citation of Proposed Rulemaking: Rental Purchase Agreement Occupation and Use Tax Act, 86 Ill. Adm. Code 125
- 3) Date, Issue, and page number of the Illinois Register in which the First Notice was published: December 8, 2023, Issue 49, 47 Ill. Reg. 17948
- 4) Text and Location of any Changes Made to the Proposed Rulemaking During the First Notice Period: No changes were made during the first notice period.
- 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.
 - 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 to the proposed rulemaking were proposed during the first notice period.
- 6) Analysis of the Economic and Budgetary Effects of the Proposed Rulemaking: An analysis of the economic effects of the proposed rulemaking is attached.
- 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 was requested.
 - B. The names and addresses of all individuals or groups making comments or requesting the opportunity to make comments: No individuals or groups requested an opportunity to make comments.

- C. A list of all specific criticisms and suggestions raised in the comments:
No criticisms or suggestions were received.
 - D. The agency's evaluation of each of the specific criticisms and suggestions:
No criticisms or suggestions were received.
 - E. A statement that the agency has considered all comments received during the First Notice Period: No comments were received during the first notice period.
- 9) An analysis of the expected effects of the proposed rulemaking, including:
- A. Impact on the public: This rulemaking creates a new Part 125, Rental Purchase Agreement Occupation and Use Tax, to implement P.A. 100-437, Rental Purchase Agreement Occupation and Use Tax Act, codified at 35 ILCS 180. The Rental Purchase Agreement Occupation Tax imposes a tax upon persons engaged in this State in the business of renting merchandise under a rental-purchase agreement in Illinois at the rate of 6.25% of the gross receipts received from the business. The Rental Purchase Agreement Use Tax imposes a tax upon the privilege of using, in this State, merchandise which is rented from a merchant at the rate of 6.25% of the rental price paid to the merchant under any rental purchase agreement.

A "rental purchase agreement" is an agreement for the use of merchandise by a consumer for personal, family, or household purposes for an initial period of 4 months or less that is automatically renewable with each payment after the initial period and that permits the consumer to become the owner of the merchandise.
 - 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: All merchants, large and small, in the business of renting merchandise to consumers pursuant to a rental purchase agreement are affected by the rulemaking. The rulemaking is consistent with the Rental Purchase Agreement Occupation and Use Tax Act and imposes no requirements beyond those required by the Act. Affected taxpayers are already subject to the Act and have been since its effective date of January 1, 2018. This rulemaking simply implements the statute, and no additional skills are required to comply. The Department is currently handling these

transactions 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 Rental Purchase Agreement Occupation and 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: This rulemaking creates a new Part 125, Rental Purchase Agreement Occupation and Use Tax, to implement P.A. 100-437, Rental Purchase Agreement Occupation and Use Tax Act, codified at 35 ILCS 180.
 - 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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