



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: Use Tax, 86 Ill. Adm. Code 150
- 3) Date, Issue, and page number of the Illinois Register in which the First Notice was published: December 26, 2023, Issue 51, 47 Ill. Reg. 18900
- 4) Text and Location of any Changes Made to the Proposed Rulemaking During the First Notice Period: See attachment.
- 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 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: None.
- 6) Analysis of the Economic and Budgetary Effects of the Proposed Rulemaking: The Agency Analysis of Economic and Budgetary 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 requested.
 - B. The names and addresses of all individuals or groups making comments or requesting the opportunity to make comments: No comments or requests for the opportunity to make comments were received.

- 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.
- 9) An analysis of the expected effects of the proposed rulemaking, including:
- A. Impact on the public: Persons making sales of tangible personal property at retail and for resale are affected.
 - 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 Use Tax rules are being amended to update several outdated provisions and reflect changes made by various Public Acts. Affected taxpayers are already subject to these requirements, and no additional skills are required to comply. The Department is currently handling these sales 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:
The following public acts made changes to the statutory language: P.A. 86-444 and 101-0032.

Section 150.201 is being amended to include and italicize statutory language as well as removing obsolete language in the definition of a retailer maintaining a place of business in this State that was removed by P.A. 101-0031.

Section 150.716 is being repealed as P.A. 86-444 amended the vehicle code 625 ILCS 5/3-106 – removing “display certificate issuance” and deleted the requirement for a “trailer” to have display certificates.

- B. Any changes in agency policy, procedures, or structure requiring the proposed rulemaking: Section 150.110 is being amended to update the presumed average life expectancy of a motor vehicle from 50 months to 60 months and the rate of depreciation from 2% to 1.67% to reflect the federal reasonable allowance for depreciation. The service life for tangible personal property other than motor vehicles is also tied to that allowed under federal law or as set out in a settlement agreement between the taxpayer and the IRS or the Department.
 - C. Relationship to any relevant federal rules, regulations, or funding requirements: Section 150.110 is being amended to update the presumed average life expectancy of a motor vehicle from 50 months to 60 months and the rate of depreciation from 2% to 1.67% to reflect the federal reasonable allowance for depreciation. The service life for tangible personal property other than motor vehicles is also tied to that allowed under federal law or as set out in a settlement agreement between the taxpayer and the IRS or the Department.
 - D. Court orders or rulings which are related to the rulemaking: None
 - E. A complete explanation of any other reasons for the proposed rulemaking: These rules are being amended to provide updates, to add statutory language, and to update language usage.
- 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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