

SENATE JOURNAL

STATE OF ILLINOIS

NINETY-FIFTH GENERAL ASSEMBLY

74TH LEGISLATIVE DAY

WEDNESDAY, JULY 25, 2007

10:44 O'CLOCK A.M.

SENATE Daily Journal Index 74th Legislative Day

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The Senate met pursuant to adjournment.

Senator James A. DeLeo, Chicago, Illinois, presiding.

Prayer by Pastor John Hamilton, Laurel United Methodist Church, Springfield, Illinois.

Senator Maloney led the Senate in the Pledge of Allegiance.

The Journal of Tuesday, July 24, 2007, was being read when on motion of Senator Hunter, further reading of same was dispensed with, and unless some Senator had corrections to offer, the Journal would stand approved. No corrections being offered, the Journal was ordered to stand approved.

JOINT ACTION MOTION FILED

The following Joint Action Motion to the Senate Bill listed below has been filed with the Secretary and referred to the Committee on Rules:

Motion to Concur in House Amendment 1 to Senate Bill 363

LEGISLATIVE MEASURES FILED

The following Floor amendment to the Senate Bill listed below has been filed with the Secretary and referred to the Committee on Rules:

Senate Floor Amendment No. 9 to Senate Bill 5

The following Committee amendment to the House Bill listed below has been filed with the Secretary and referred to the Committee on Rules:

Senate Committee Amendment No. 1 to House Bill 556

INTRODUCTION OF BILL

SENATE BILL NO. 1849. Introduced by Senator Garrett, a bill for AN ACT concerning finance.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

MESSAGES FROM THE HOUSE

A message from the House by

Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 363

A bill for AN ACT concerning criminal law.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 363

Passed the House, as amended, July 24, 2007.

MARK MAHONEY, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 363

AMENDMENT NO. 1. Amend Senate Bill 363 on page 3, line 3, by inserting after the comma the following:

"while children are present"; and

on page 3, line 5, by inserting after the comma the following: "when construction or maintenance workers are present"; and

on page 3, line 7, by replacing "10" with "20".

Under the rules, the foregoing **Senate Bill No. 363**, with House Amendment No. 1, was referred to the Secretary's Desk.

A message from the House by

Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the adoption of the following joint resolution, to-wit:

SENATE JOINT RESOLUTION NO. 37

Concurred in by the House, July 24, 2007.

MARK MAHONEY, Clerk of the House

REPORT FROM RULES COMMITTEE

Senator Halvorson, Chairperson of the Committee on Rules, during its July 25, 2007 meeting, reported the following Legislative Measures have been assigned to the indicated Standing Committees of the Senate:

Public Health: Senate Floor Amendment No. 9 to Senate Bill 5.

Revenue: Senate Committee Amendment No. 1 to House Bill 556.

POSTING NOTICE WAIVED

Senator Cullerton moved to waive the six-day posting requirement on **House Bill No. 556** so that the bill may be heard in the Committee on Revenue that is scheduled to meet July 25, 2007.

The motion prevailed.

MESSAGE FROM THE PRESIDENT

OFFICE OF THE SENATE PRESIDENT STATE OF ILLINOIS

EMIL JONES, JR. SENATE PRESIDENT 327 STATE CAPITOL Springfield, Illinois 62706

July 25, 2007

Ms. Deborah Shipley Secretary of the Senate Room 403 State House Springfield, IL 62706

Dear Madam Secretary:

Pursuant to Rule 3-2(c), I hereby appoint Senator David Koehler to temporarily replace Senator William Delgado as a member of the Senate Public Health Committee. This appointment is effective immediately.

[July 25, 2007]

Sincerely, s/Emil Jones, Jr. Senate President

cc: Senate Minority Leader Frank Watson

COMMITTEE MEETING ANNOUNCEMENTS

Senator Garrett, Chairperson of the Committee on Public Health, announced that the Public Health Committee will meet today in Room 400, at 1:15 o'clock p.m.

Senator Harmon, Chairperson of the Committee on Revenue, announced that the Revenue Committee will meet today in Room 400, at 12:45 o'clock p.m.

Senator Righter asked and obtained unanimous consent for a Republican caucus to begin immediately upon recess.

At the hour of 11:36 o'clock a.m., the Chair announced that the Senate stand at recess subject to the call of the Chair.

AFTER RECESS

At the hour of 6:24 o'clock p.m., the Senate resumed consideration of business. Senator DeLeo, presiding.

LEGISLATIVE MEASURES FILED

The following Floor amendments to the Senate Bills listed below have been filed with the Secretary and referred to the Committee on Rules:

Senate Floor Amendment No. 3 to Senate Bill 1

Senate Floor Amendment No. 2 to Senate Bill 2

Senate Floor Amendment No. 3 to Senate Bill 770

Senate Floor Amendment No. 1 to Senate Bill 1084

The following Committee amendments to the House Bills listed below have been filed with the Secretary and referred to the Committee on Rules:

Senate Committee Amendment No. 1 to House Bill 1664

Senate Committee Amendment No. 1 to House Bill 2306

Senate Committee Amendment No. 1 to House Bill 3388

The following Floor amendment to the House Bill listed below has been filed with the Secretary and referred to the Committee on Rules:

Senate Floor Amendment No. 2 to House Bill 824

JOINT ACTION MOTION FILED

The following Joint Action Motion to the Senate Bill listed below has been filed with the Secretary and referred to the Committee on Rules:

Motion to Concur in House Amendments 1 and 2 to Senate Bill 128

REPORTS FROM STANDING COMMITTEES

Senator Harmon, Chairperson of the Committee on Revenue, to which was referred **House Bill No. 556,** reported the same back with amendments having been adopted thereto, with the recommendation that the bill, as amended, do pass.

Under the rules, the bill was ordered to a second reading.

Senator Garrett, Chairperson of the Committee on Public Health, to which was referred the following Senate floor amendment, reported that the Committee recommends do adopt:

Senate Floor Amendment No. 9 to Senate Bill 5

Under the rules, the foregoing floor amendment is eligible for consideration on second reading.

READING BILL FROM THE HOUSE OF REPRESENTATIVES A SECOND TIME

On motion of Senator Cullerton, **House Bill No. 556** having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Revenue, adopted and ordered printed:

AMENDMENT NO. 1 TO HOUSE BILL 556

AMENDMENT NO. $\underline{1}$. Amend House Bill 556 by replacing everything after the enacting clause with the following:

"Section 5. The General Obligation Bond Act is amended by changing Section 14 as follows: (30 ILCS 330/14) (from Ch. 127, par. 664)

Sec. 14. Repayment.

- (a) To provide for the manner of repayment of Bonds, the Governor shall include an appropriation in each annual State Budget of monies in such amount as shall be necessary and sufficient, for the period covered by such budget, to pay the interest, as it shall accrue, on all Bonds issued under this Act, to pay and discharge the principal of such Bonds as shall, by their terms, fall due during such period, and to pay a premium, if any, on Bonds to be redeemed prior to the maturity date. Amounts included in such appropriations for the payment of interest on variable rate bonds shall be the maximum amounts of interest that may be payable for the period covered by the budget, after taking into account any credits permitted in the related indenture or other instrument against the amount of such interest required to be appropriated for such period. Amounts included in such appropriations for the payment of interest shall include the amounts certified by the Director of the Governor's Office of Management and Budget under subsection (b) of Section 9 of this Act.
- (b) A separate fund in the State Treasury called the "General Obligation Bond Retirement and Interest Fund" is hereby created.
- (c) The General Assembly shall annually make appropriations to pay the principal of, interest on, and premium, if any, on Bonds sold under this Act from the General Obligation Bond Retirement and Interest Fund. Amounts included in such appropriations for the payment of interest on variable rate bonds shall be the maximum amounts of interest that may be payable during the fiscal year, after taking into account any credits permitted in the related indenture or other instrument against the amount of such interest required to be appropriated for such period. Amounts included in such appropriations for the payment of interest shall include the amounts certified by the Director of the Governor's Office of Management and Budget under subsection (b) of Section 9 of this Act.

Beginning October 1, 2007, on the first day of each month, or as soon thereafter as practical, the State Comptroller shall direct and the State Treasurer shall transfer, from the General Revenue Fund to the

General Obligation Bond Retirement and Interest Fund, all amounts that were paid into the General Revenue Fund in the previous month under Section 2 of the Cigarette Tax Act from the additional taxes imposed under the Cigarette Tax Act and the Cigarette Use Tax Act by this amendatory Act of the 95th General Assembly.

If for any reason there are insufficient funds in either the General Revenue Fund or the Road Fund to make transfers to the General Obligation Bond Retirement and Interest Fund as required by Section 15 of this Act, or if for any reason the General Assembly fails to make appropriations sufficient to pay the principal of, interest on, and premium, if any, on the Bonds, as the same by their terms shall become due, this Act shall constitute an irrevocable and continuing appropriation of all amounts necessary for that purpose, and the irrevocable and continuing authority for and direction to the State Treasurer and the Comptroller to make the necessary transfers, as directed by the Governor, out of and disbursements from the revenues and funds of the State.

(d) If, because of insufficient funds in either the General Revenue Fund or the Road Fund, monies have been transferred to the General Obligation Bond Retirement and Interest Fund, as required by subsection (c) of this Section, this Act shall constitute the irrevocable and continuing authority for and direction to the State Treasurer and Comptroller to reimburse these funds of the State from the General Revenue Fund or the Road Fund, as appropriate, by transferring, at such times and in such amounts, as directed by the Governor, an amount to these funds equal to that transferred from them. (Source: P.A. 93-9, eff. 6-3-03; 94-793, eff. 5-19-06.)

Section 10. The Cigarette Tax Act is amended by changing Sections 2 and 3 as follows:

(35 ILCS 130/2) (from Ch. 120, par. 453.2) Sec. 2. Tax imposed; rate; collection, payment, and distribution; discount.

(a) A tax is imposed upon any person engaged in business as a retailer of cigarettes in this State at the rate of 5 1/2 mills per cigarette sold, or otherwise disposed of in the course of such business in this State. In addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes in this State at a rate of 1/2 mill per cigarette sold or otherwise disposed of in the course of such business in this State on and after January 1, 1947, and shall be paid into the Metropolitan Fair and Exposition Authority Reconstruction Fund or as otherwise provided in Section 29. On and after December 1, 1985, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes in this State at a rate of 4 mills per cigarette sold or otherwise disposed of in the course of such business in this State. Of the additional tax imposed by this amendatory Act of 1985, \$9,000,000 of the moneys received by the Department of Revenue pursuant to this Act shall be paid each month into the Common School Fund. On and after the effective date of this amendatory Act of 1989, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 5 mills per cigarette sold or otherwise disposed of in the course of such business in this State. On and after the effective date of this amendatory Act of 1993, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 7 mills per cigarette sold or otherwise disposed of in the course of such business in this State. On and after December 15, 1997, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 7 mills per cigarette sold or otherwise disposed of in the course of such business of this State. All of the moneys received by the Department of Revenue pursuant to this Act and the Cigarette Use Tax Act from the additional taxes imposed by this amendatory Act of 1997, shall be paid each month into the Common School Fund. On and after July 1, 2002, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 20.0 mills per cigarette sold or otherwise disposed of in the course of such business in this State. Beginning on September 1, 2007 in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 37.5 mills per cigarette sold or otherwise disposed of in the course of such business in this State. All of the moneys received by the Department of Revenue under this Act and the Cigarette Use Tax Act from the additional taxes imposed by this amendatory Act of the 95th General Assembly must be paid each month into the General Revenue Fund. The payment of such taxes shall be evidenced by a stamp affixed to each original package of cigarettes, or an authorized substitute for such stamp imprinted on each original package of such cigarettes underneath the sealed transparent outside wrapper of such original package, as hereinafter provided. However, such taxes are not imposed upon any activity in such business in interstate commerce or otherwise, which activity may not under the Constitution and statutes of the United States be made the subject of taxation by this State.

All Beginning on the effective date of this amendatory Act of the 92nd General Assembly and through

June 30, 2006, all of the moneys received by the Department of Revenue pursuant to this Act and the Cigarette Use Tax Act, other than the moneys that are dedicated to the Common School Fund, shall be distributed each month as follows: first, there must be paid into the General Revenue Fund, the amount required to be deposited by this amendatory Act of the 95th General Assembly; then there shall be paid into the General Revenue Fund an amount which, when added to the amount paid into the Common School Fund for that month, equals \$33,300,000, except that in the month of August of 2004, this amount shall equal \$83,300,000; then, from the moneys remaining, if any amounts required to be paid into the General Revenue Fund in previous months remain unpaid, those amounts shall be paid into the General Revenue Fund; then, beginning on April 1, 2003, from the moneys remaining, \$5,000,000 per month shall be paid into the School Infrastructure Fund; then, if any amounts required to be paid into the School Infrastructure Fund in previous months remain unpaid, those amounts shall be paid into the School Infrastructure Fund; then the moneys remaining, if any, shall be paid into the Long-Term Care Provider Fund. To the extent that more than \$25,000,000 has been paid into the General Revenue Fund and Common School Fund per month for the period of July 1, 1993 through the effective date of this amendatory Act of 1994 from combined receipts of the Cigarette Tax Act and the Cigarette Use Tax Act, notwithstanding the distribution provided in this Section, the Department of Revenue is hereby directed to adjust the distribution provided in this Section to increase the next monthly payments to the Long Term Care Provider Fund by the amount paid to the General Revenue Fund and Common School Fund in excess of \$25,000,000 per month and to decrease the next monthly payments to the General Revenue Fund and Common School Fund by that same excess amount.

Beginning on July 1, 2006, all of the moneys received by the Department of Revenue pursuant to this Act and the Cigarette Use Tax Act, other than the moneys that are dedicated to the Common School Fund, shall be distributed each month as follows: first, there shall be paid into the General Revenue Fund an amount that, when added to the amount paid into the Common School Fund for that month, equals \$29,200,000; then, from the moneys remaining, if any amounts required to be paid into the General Revenue Fund; then from the moneys remaining, \$5,000,000 per month shall be paid into the School Infrastructure Fund; then, if any amounts required to be paid into the School Infrastructure Fund in previous months remain unpaid, those amounts shall be paid into the School Infrastructure Fund; then the moneys remaining, if any, shall be paid into the School Infrastructure Fund; then

When any tax imposed herein terminates or has terminated, distributors who have bought stamps while such tax was in effect and who therefore paid such tax, but who can show, to the Department's satisfaction, that they sold the cigarettes to which they affixed such stamps after such tax had terminated and did not recover the tax or its equivalent from purchasers, shall be allowed by the Department to take credit for such absorbed tax against subsequent tax stamp purchases from the Department by such distributor.

The impact of the tax levied by this Act is imposed upon the retailer and shall be prepaid or pre-collected by the distributor for the purpose of convenience and facility only, and the amount of the tax shall be added to the price of the cigarettes sold by such distributor. Collection of the tax shall be evidenced by a stamp or stamps affixed to each original package of cigarettes, as hereinafter provided.

Each distributor shall collect the tax from the retailer at or before the time of the sale, shall affix the stamps as hereinafter required, and shall remit the tax collected from retailers to the Department, as hereinafter provided. Any distributor who fails to properly collect and pay the tax imposed by this Act shall be liable for the tax. Any distributor having cigarettes to which stamps have been affixed in his possession for sale on the effective date of this amendatory Act of 1989 shall not be required to pay the additional tax imposed by this amendatory Act of 1989 on such stamped cigarettes. Any distributor having cigarettes to which stamps have been affixed in his or her possession for sale at 12:01 a.m. on the effective date of this amendatory Act of 1993, is required to pay the additional tax imposed by this amendatory Act of 1993 on such stamped cigarettes. This payment, less the discount provided in subsection (b), shall be due when the distributor first makes a purchase of cigarette tax stamps after the effective date of this amendatory Act of 1993, or on the first due date of a return under this Act after the effective date of this amendatory Act of 1993, whichever occurs first. Any distributor having cigarettes to which stamps have been affixed in his possession for sale on December 15, 1997 shall not be required to pay the additional tax imposed by this amendatory Act of 1997 on such stamped cigarettes.

Any distributor having cigarettes to which stamps have been affixed in his or her possession for sale on July 1, 2002 shall not be required to pay the additional tax imposed by this amendatory Act of the 92nd General Assembly on those stamped cigarettes. Any distributor having cigarettes to which stamps have been affixed in his or her possession for sale on September 1, 2007 is not required to pay the additional tax imposed by this amendatory Act of the 95th General Assembly on those stamped

cigarettes.

The amount of the Cigarette Tax imposed by this Act shall be separately stated, apart from the price of the goods, by both distributors and retailers, in all advertisements, bills and sales invoices.

(b) The distributor shall be required to collect the taxes provided under paragraph (a) hereof, and, to cover the costs of such collection, shall be allowed a discount during any year commencing July 1st and ending the following June 30th in accordance with the schedule set out hereinbelow, which discount shall be allowed at the time of purchase of the stamps when purchase is required by this Act, or at the time when the tax is remitted to the Department without the purchase of stamps from the Department when that method of paying the tax is required or authorized by this Act. Prior to December 1, 1985, a discount equal to 1 2/3% of the amount of the tax up to and including the first \$700,000 paid hereunder by such distributor to the Department during any such year; 1 1/3% of the next \$700,000 of tax or any part thereof, paid hereunder by such distributor to the Department during any such year; and 2/3 of 1% of the amount of any additional tax paid hereunder by such distributor to the Department during any such year shall apply. On and after December 1, 1985, a discount equal to 1.75% of the amount of the tax payable under this Act up to and including the first \$3,000,000 paid hereunder by such distributor to the Department during any such year and 1.5% of the amount of any additional tax paid hereunder by such distributor to the Department during any such year shall apply.

Two or more distributors that use a common means of affixing revenue tax stamps or that are owned or controlled by the same interests shall be treated as a single distributor for the purpose of computing the discount

(c) The taxes herein imposed are in addition to all other occupation or privilege taxes imposed by the State of Illinois, or by any political subdivision thereof, or by any municipal corporation. (Source: P.A. 93-839, eff. 7-30-04; 94-91, eff. 7-1-05; 94-839, eff. 6-6-06.)

(35 ILCS 130/3) (from Ch. 120, par. 453.3)

Sec. 3. Affixing tax stamp; remitting tax to the Department. Payment of the taxes imposed by Section 2 of this Act shall (except as hereinafter provided) be evidenced by revenue tax stamps affixed to each original package of cigarettes. Each distributor of cigarettes, before delivering or causing to be delivered any original package of cigarettes in this State to a purchaser, shall firmly affix a proper stamp or stamps to each such package, or (in case of manufacturers of cigarettes in original packages which are contained inside a sealed transparent wrapper) shall imprint the required language on the original package of cigarettes beneath such outside wrapper, as hereinafter provided.

No stamp or imprint may be affixed to, or made upon, any package of cigarettes unless that package complies with all requirements of the federal Cigarette Labeling and Advertising Act, 15 U.S.C. 1331 and following, for the placement of labels, warnings, or any other information upon a package of cigarettes that is sold within the United States. Under the authority of Section 6, the Department shall revoke the license of any distributor that is determined to have violated this paragraph. A person may not affix a stamp on a package of cigarettes, cigarette papers, wrappers, or tubes if that individual package has been marked for export outside the United States with a label or notice in compliance with Section 290.185 of Title 27 of the Code of Federal Regulations. It is not a defense to a proceeding for violation of this paragraph that the label or notice has been removed, mutilated, obliterated, or altered in any manner.

The Department, or any person authorized by the Department, shall sell such stamps only to persons holding valid licenses as distributors under this Act. On and after July 1, 2003, payment for such stamps must be made by means of electronic funds transfer. The Department may refuse to sell stamps to any person who does not comply with the provisions of this Act.

Beginning on the effective date of this amendatory Act of the 92nd General Assembly and through June 30, 2002, persons holding valid licenses as distributors may purchase cigarette tax stamps up to an amount equal to 115% of the distributor's average monthly cigarette tax stamp purchases over the 12 calendar months prior to the effective date of this amendatory Act of the 92nd General Assembly.

Beginning on the effective date of this amendatory Act of the 95th General Assembly and through August 31, 2007, persons holding valid licenses as distributors may purchase eigarette tax stamps up to an amount equal to 115% of the distributor's average monthly eigarette tax stamp purchases over the 12 calendar months prior to the effective date of this amendatory Act of the 95th General Assembly.

Prior to December 1, 1985, the Department shall allow a distributor 21 days in which to make final payment of the amount to be paid for such stamps, by allowing the distributor to make payment for the stamps at the time of purchasing them with a draft which shall be in such form as the Department prescribes, and which shall be payable within 21 days thereafter: Provided that such distributor has filed with the Department, and has received the Department's approval of, a bond, which is in addition to the

bond required under Section 4 of this Act, payable to the Department in an amount equal to 80% of such distributor's average monthly tax liability to the Department under this Act during the preceding calendar year or \$500,000, whichever is less. The Bond shall be joint and several and shall be in the form of a surety company bond in such form as the Department prescribes, or it may be in the form of a bank certificate of deposit or bank letter of credit. The bond shall be conditioned upon the distributor's payment of amount of any 21-day draft which the Department accepts from that distributor for the delivery of stamps to that distributor under this Act. The distributor's failure to pay any such draft, when due, shall also make such distributor automatically liable to the Department for a penalty equal to 25% of the amount of such draft.

On and after December 1, 1985 and until July 1, 2003, the Department shall allow a distributor 30 days in which to make final payment of the amount to be paid for such stamps, by allowing the distributor to make payment for the stamps at the time of purchasing them with a draft which shall be in such form as the Department prescribes, and which shall be payable within 30 days thereafter, and beginning on January 1, 2003 and thereafter, the draft shall be payable by means of electronic funds transfer: Provided that such distributor has filed with the Department, and has received the Department's approval of, a bond, which is in addition to the bond required under Section 4 of this Act, payable to the Department in an amount equal to 150% of such distributor's average monthly tax liability to the Department under this Act during the preceding calendar year or \$750,000, whichever is less, except that as to bonds filed on or after January 1, 1987, such additional bond shall be in an amount equal to 100% of such distributor's average monthly tax liability under this Act during the preceding calendar year or \$750,000, whichever is less. The bond shall be joint and several and shall be in the form of a surety company bond in such form as the Department prescribes, or it may be in the form of a bank certificate of deposit or bank letter of credit. The bond shall be conditioned upon the distributor's payment of the amount of any 30-day draft which the Department accepts from that distributor for the delivery of stamps to that distributor under this Act. The distributor's failure to pay any such draft, when due, shall also make such distributor automatically liable to the Department for a penalty equal to 25% of the amount of such draft.

Every prior continuous compliance taxpayer shall be exempt from all requirements under this Section concerning the furnishing of such bond, as defined in this Section, as a condition precedent to his being authorized to engage in the business licensed under this Act. This exemption shall continue for each such taxpayer until such time as he may be determined by the Department to be delinquent in the filing of any returns, or is determined by the Department (either through the Department's issuance of a final assessment which has become final under the Act, or by the taxpayer's filing of a return which admits tax to be due that is not paid) to be delinquent or deficient in the paying of any tax under this Act, at which time that taxpayer shall become subject to the bond requirements of this Section and, as a condition of being allowed to continue to engage in the business licensed under this Act, shall be required to furnish bond to the Department in such form as provided in this Section. Such taxpayer shall furnish such bond for a period of 2 years, after which, if the taxpayer has not been delinquent in the filing of any returns, or delinquent or deficient in the paying of any tax under this Act, the Department may reinstate such person as a prior continuance compliance taxpayer. Any taxpayer who fails to pay an admitted or established liability under this Act may also be required to post bond or other acceptable security with the Department guaranteeing the payment of such admitted or established liability.

Any person aggrieved by any decision of the Department under this Section may, within the time allowed by law, protest and request a hearing, whereupon the Department shall give notice and shall hold a hearing in conformity with the provisions of this Act and then issue its final administrative decision in the matter to such person. In the absence of such a protest filed within the time allowed by law, the Department's decision shall become final without any further determination being made or notice given.

The Department shall discharge any surety and shall release and return any bond or security deposited, assigned, pledged, or otherwise provided to it by a taxpayer under this Section within 30 days after:

- (1) Such taxpayer becomes a prior continuous compliance taxpayer; or
- (2) Such taxpayer has ceased to collect receipts on which he is required to remit tax to the Department, has filed a final tax return, and has paid to the Department an amount sufficient to discharge his remaining tax liability as determined by the Department under this Act. The Department shall make a final determination of the taxpayer's outstanding tax liability as expeditiously as possible after his final tax return has been filed. If the Department cannot make such final determination within 45 days after receiving the final tax return, within such period it shall so notify the taxpayer, stating its reasons therefor.

The Department may authorize distributors to affix revenue tax stamps by imprinting tax meter stamps

upon original packages of cigarettes. The Department shall adopt rules and regulations relating to the imprinting of such tax meter stamps as will result in payment of the proper taxes as herein imposed. No distributor may affix revenue tax stamps to original packages of cigarettes by imprinting tax meter stamps thereon unless such distributor has first obtained permission from the Department to employ this method of affixation. The Department shall regulate the use of tax meters and may, to assure the proper collection of the taxes imposed by this Act, revoke or suspend the privilege, theretofore granted by the Department to any distributor, to imprint tax meter stamps upon original packages of cigarettes.

Illinois cigarette manufacturers who place their cigarettes in original packages which are contained inside a sealed transparent wrapper, and similar out-of-State cigarette manufacturers who elect to qualify and are accepted by the Department as distributors under Section 4b of this Act, shall pay the taxes imposed by this Act by remitting the amount thereof to the Department by the 5th day of each month covering cigarettes shipped or otherwise delivered in Illinois to purchasers during the preceding calendar month. Such manufacturers of cigarettes in original packages which are contained inside a sealed transparent wrapper, before delivering such cigarettes or causing such cigarettes to be delivered in this State to purchasers, shall evidence their obligation to remit the taxes due with respect to such cigarettes by imprinting language to be prescribed by the Department on each original package of such cigarettes underneath the sealed transparent outside wrapper of such original package, in such place thereon and in such manner as the Department may designate. Such imprinted language shall acknowledge the manufacturer's payment of or liability for the tax imposed by this Act with respect to the distribution of such cigarettes.

A distributor shall not affix, or cause to be affixed, any stamp or imprint to a package of cigarettes, as provided for in this Section, if the tobacco product manufacturer, as defined in Section 10 of the Tobacco Product Manufacturers' Escrow Act, that made or sold the cigarettes has failed to become a participating manufacturer, as defined in subdivision (a)(1) of Section 15 of the Tobacco Product Manufacturers' Escrow Act, or has failed to create a qualified escrow fund for any cigarettes manufactured by the tobacco product manufacturer and sold in this State or otherwise failed to bring itself into compliance with subdivision (a)(2) of Section 15 of the Tobacco Product Manufacturers' Escrow Act.

(Source: P.A. 92-322, eff. 1-1-02; 92-536, eff. 6-6-02; 92-737, eff. 7-25-02; 93-22, eff. 6-20-03.)

Section 15. The Cigarette Use Tax Act is amended by changing Sections 2 and 3 as follows: (35 ILCS 135/2) (from Ch. 120, par. 453.32)

Sec. 2. A tax is imposed upon the privilege of using cigarettes in this State, at the rate of 6 mills per cigarette so used. On and after December 1, 1985, in addition to any other tax imposed by this Act, a tax is imposed upon the privilege of using cigarettes in this State at a rate of 4 mills per cigarette so used. On and after the effective date of this amendatory Act of 1989, in addition to any other tax imposed by this Act, a tax is imposed upon the privilege of using cigarettes in this State at the rate of 5 mills per cigarette so used. On and after the effective date of this amendatory Act of 1993, in addition to any other tax imposed by this Act, a tax is imposed upon the privilege of using cigarettes in this State at a rate of 7 mills per cigarette so used. On and after December 15, 1997, in addition to any other tax imposed by this Act, a tax is imposed upon the privilege of using cigarettes in this State at a rate of 7 mills per cigarette so used. On and after July 1, 2002, in addition to any other tax imposed by this Act, a tax is imposed upon the privilege of using cigarettes in this State at a rate of 20.0 mills per cigarette so used. Beginning on September 1, 2007, in addition to any other tax imposed by this Act, a tax is imposed upon the privilege of using cigarettes in this State at a rate of 37.5 mills per cigarette so used. The taxes herein imposed shall be in addition to all other occupation or privilege taxes imposed by the State of Illinois or by any political subdivision thereof or by any municipal corporation.

When any tax imposed herein terminates or has terminated, distributors who have bought stamps while such tax was in effect and who therefore paid such tax, but who can show, to the Department's satisfaction, that they sold the cigarettes to which they affixed such stamps after such tax had terminated and did not recover the tax or its equivalent from purchasers, shall be allowed by the Department to take credit for such absorbed tax against subsequent tax stamp purchases from the Department by such distributors.

When the word "tax" is used in this Act, it shall include any tax or tax rate imposed by this Act and shall mean the singular of "tax" or the plural "taxes" as the context may require.

Any distributor having cigarettes to which stamps have been affixed in his possession for sale on the effective date of this amendatory Act of 1989 shall not be required to pay the additional tax imposed by this amendatory Act of 1989 on such stamped cigarettes. Any distributor having cigarettes to which stamps have been affixed in his or her possession for sale at 12:01 a.m. on the effective date of this

amendatory Act of 1993, is required to pay the additional tax imposed by this amendatory Act of 1993 on such stamped cigarettes. This payment shall be due when the distributor first makes a purchase of cigarette tax stamps after the effective date of this amendatory Act of 1993, or on the first due date of a return under this Act after the effective date of this amendatory Act of 1993, whichever occurs first. Once a distributor tenders payment of the additional tax to the Department, the distributor may purchase stamps from the Department. Any distributor having cigarettes to which stamps have been affixed in his possession for sale on December 15, 1997 shall not be required to pay the additional tax imposed by this amendatory Act of 1997 on such stamped cigarettes.

Any distributor having cigarettes to which stamps have been affixed in his or her possession for sale on July 1, 2002 shall not be required to pay the additional tax imposed by this amendatory Act of the 92nd General Assembly on those stamped cigarettes. Any distributor having cigarettes to which stamps have been affixed in his or her possession for sale on September 1, 2007 is not required to pay the additional tax imposed by this amendatory Act of the 95th General Assembly on those stamped cigarettes.

(Source: P.A. 92-536, eff. 6-6-02.)

(35 ILCS 135/3) (from Ch. 120, par. 453.33)

Sec. 3. Stamp payment. The tax hereby imposed shall be collected by a distributor maintaining a place of business in this State or a distributor authorized by the Department pursuant to Section 7 hereof to collect the tax, and the amount of the tax shall be added to the price of the cigarettes sold by such distributor. Collection of the tax shall be evidenced by a stamp or stamps affixed to each original package of cigarettes or by an authorized substitute for such stamp imprinted on each original package of such cigarettes underneath the sealed transparent outside wrapper of such original package, except as hereinafter provided. Each distributor who is required or authorized to collect the tax herein imposed, before delivering or causing to be delivered any original packages of cigarettes in this State to any purchaser, shall firmly affix a proper stamp or stamps to each such package, or (in the case of manufacturers of cigarettes in original packages which are contained inside a sealed transparent wrapper) shall imprint the required language on the original package of cigarettes beneath such outside wrapper as hereinafter provided. Such stamp or stamps need not be affixed to the original package of any cigarettes with respect to which the distributor is required to affix a like stamp or stamps by virtue of the Cigarette Tax Act, however, and no tax imprint need be placed underneath the sealed transparent wrapper of an original package of cigarettes with respect to which the distributor is required or authorized to employ a like tax imprint by virtue of the Cigarette Tax Act.

No stamp or imprint may be affixed to, or made upon, any package of cigarettes unless that package complies with all requirements of the federal Cigarette Labeling and Advertising Act, 15 U.S.C. 1331 and following, for the placement of labels, warnings, or any other information upon a package of cigarettes that is sold within the United States. Under the authority of Section 6, the Department shall revoke the license of any distributor that is determined to have violated this paragraph. A person may not affix a stamp on a package of cigarettes, cigarette papers, wrappers, or tubes if that individual package has been marked for export outside the United States with a label or notice in compliance with Section 290.185 of Title 27 of the Code of Federal Regulations. It is not a defense to a proceeding for violation of this paragraph that the label or notice has been removed, mutilated, obliterated, or altered in any manner.

Stamps, when required hereunder, shall be purchased from the Department, or any person authorized by the Department, by distributors. On and after July 1, 2003, payment for such stamps must be made by means of electronic funds transfer. The Department may refuse to sell stamps to any person who does not comply with the provisions of this Act.

Beginning on June 6, 2002 and through June 30, 2002, persons holding valid licenses as distributors may purchase cigarette tax stamps up to an amount equal to 115% of the distributor's average monthly cigarette tax stamp purchases over the 12 calendar months prior to June 6, 2002.

Beginning on the effective date of this amendatory Act of the 95th General Assembly and through August 31, 2007, persons holding valid licenses as distributors may purchase cigarette tax stamps up to an amount equal to 115% of the distributor's average monthly cigarette tax stamp purchases over the 12 calendar months prior to the effective date of this amendatory Act of the 95th General Assembly.

Prior to December 1, 1985, the Department shall allow a distributor 21 days in which to make final payment of the amount to be paid for such stamps, by allowing the distributor to make payment for the stamps at the time of purchasing them with a draft which shall be in such form as the Department prescribes, and which shall be payable within 21 days thereafter: Provided that such distributor has filed with the Department, and has received the Department's approval of, a bond, which is in addition to the bond required under Section 4 of this Act, payable to the Department in an amount equal to 80% of such

distributor's average monthly tax liability to the Department under this Act during the preceding calendar year or \$500,000, whichever is less. The bond shall be joint and several and shall be in the form of a surety company bond in such form as the Department prescribes, or it may be in the form of a bank certificate of deposit or bank letter of credit. The bond shall be conditioned upon the distributor's payment of the amount of any 21-day draft which the Department accepts from that distributor for the delivery of stamps to that distributor under this Act. The distributor's failure to pay any such draft, when due, shall also make such distributor automatically liable to the Department for a penalty equal to 25% of the amount of such draft.

On and after December 1, 1985 and until July 1, 2003, the Department shall allow a distributor 30 days in which to make final payment of the amount to be paid for such stamps, by allowing the distributor to make payment for the stamps at the time of purchasing them with a draft which shall be in such form as the Department prescribes, and which shall be payable within 30 days thereafter, and beginning on January 1, 2003 and thereafter, the draft shall be payable by means of electronic funds transfer: Provided that such distributor has filed with the Department, and has received the Department's approval of, a bond, which is in addition to the bond required under Section 4 of this Act, payable to the Department in an amount equal to 150% of such distributor's average monthly tax liability to the Department under this Act during the preceding calendar year or \$750,000, whichever is less, except that as to bonds filed on or after January 1, 1987, such additional bond shall be in an amount equal to 100% of such distributor's average monthly tax liability under this Act during the preceding calendar year or \$750,000, whichever is less. The bond shall be joint and several and shall be in the form of a surety company bond in such form as the Department prescribes, or it may be in the form of a bank certificate of deposit or bank letter of credit. The bond shall be conditioned upon the distributor's payment of the amount of any 30-day draft which the Department accepts from that distributor for the delivery of stamps to that distributor under this Act. The distributor's failure to pay any such draft, when due, shall also make such distributor automatically liable to the Department for a penalty equal to 25% of the amount of such draft.

Every prior continuous compliance taxpayer shall be exempt from all requirements under this Section concerning the furnishing of such bond, as defined in this Section, as a condition precedent to his being authorized to engage in the business licensed under this Act. This exemption shall continue for each such taxpayer until such time as he may be determined by the Department to be delinquent in the filing of any returns, or is determined by the Department (either through the Department's issuance of a final assessment which has become final under the Act, or by the taxpayer's filing of a return which admits tax to be due that is not paid) to be delinquent or deficient in the paying of any tax under this Act, at which time that taxpayer shall become subject to the bond requirements of this Section and, as a condition of being allowed to continue to engage in the business licensed under this Act, shall be required to furnish bond to the Department in such form as provided in this Section. Such taxpayer shall furnish such bond for a period of 2 years, after which, if the taxpayer has not been delinquent in the filing of any returns, or delinquent or deficient in the paying of any tax under this Act, the Department may reinstate such person as a prior continuance compliance taxpayer. Any taxpayer who fails to pay an admitted or established liability under this Act may also be required to post bond or other acceptable security with the Department guaranteeing the payment of such admitted or established liability.

Any person aggrieved by any decision of the Department under this Section may, within the time allowed by law, protest and request a hearing, whereupon the Department shall give notice and shall hold a hearing in conformity with the provisions of this Act and then issue its final administrative decision in the matter to such person. In the absence of such a protest filed within the time allowed by law, the Department's decision shall become final without any further determination being made or notice given.

The Department shall discharge any surety and shall release and return any bond or security deposited, assigned, pledged, or otherwise provided to it by a taxpayer under this Section within 30 days after:

- (1) such Taxpayer becomes a prior continuous compliance taxpayer; or
- (2) such taxpayer has ceased to collect receipts on which he is required to remit tax

to the Department, has filed a final tax return, and has paid to the Department an amount sufficient to discharge his remaining tax liability as determined by the Department under this Act. The Department shall make a final determination of the taxpayer's outstanding tax liability as expeditiously as possible after his final tax return has been filed. If the Department cannot make such final determination within 45 days after receiving the final tax return, within such period it shall so notify the taxpayer, stating its reasons therefor.

At the time of purchasing such stamps from the Department when purchase is required by this Act, or at the time when the tax which he has collected is remitted by a distributor to the Department without the

purchase of stamps from the Department when that method of remitting the tax that has been collected is required or authorized by this Act, the distributor shall be allowed a discount during any year commencing July 1 and ending the following June 30 in accordance with the schedule set out hereinbelow, from the amount to be paid by him to the Department for such stamps, or to be paid by him to the Department on the basis of monthly remittances (as the case may be), to cover the cost, to such distributor, of collecting the tax herein imposed by affixing such stamps to the original packages of cigarettes sold by such distributor or by placing tax imprints underneath the sealed transparent wrapper of original packages of cigarettes sold by such distributor (as the case may be): (1) Prior to December 1, 1985, a discount equal to 1-2/3% of the amount of the tax up to and including the first \$700,000 paid hereunder by such distributor to the Department during any such year; 1-1/3% of the next \$700,000 of tax or any part thereof, paid hereunder by such distributor to the Department during any such year; 1% of the next \$700,000 of tax, or any part thereof, paid hereunder by such distributor to the Department during any such year; and 2/3 of 1% of the amount of any additional tax paid hereunder by such distributor to the Department during any such year or (2) On and after December 1, 1985, a discount equal to 1.75% of the amount of the tax payable under this Act up to and including the first \$3,000,000 paid hereunder by such distributor to the Department during any such year and 1.5% of the amount of any additional tax paid hereunder by such distributor to the Department during any such year.

Two or more distributors that use a common means of affixing revenue tax stamps or that are owned or controlled by the same interests shall be treated as a single distributor for the purpose of computing the discount.

Cigarette manufacturers who are distributors under this Act, and who place their cigarettes in original packages which are contained inside a sealed transparent wrapper, shall be required to remit the tax which they are required to collect under this Act to the Department by remitting the amount thereof to the Department by the 5th day of each month, covering cigarettes shipped or otherwise delivered to points in Illinois to purchasers during the preceding calendar month, but a distributor need not remit to the Department the tax so collected by him from purchasers under this Act to the extent to which such distributor is required to remit the tax imposed by the Cigarette Tax Act to the Department with respect to the same cigarettes. All taxes upon cigarettes under this Act are a direct tax upon the retail consumer and shall conclusively be presumed to be precollected for the purpose of convenience and facility only. Distributors who are manufacturers of cigarettes in original packages which are contained inside a sealed transparent wrapper, before delivering such cigarettes or causing such cigarettes to be delivered in this State to purchasers, shall evidence their obligation to collect and remit the tax due with respect to such cigarettes by imprinting language to be prescribed by the Department on each original package of such cigarettes underneath the sealed transparent outside wrapper of such original package, in such place thereon and in such manner as the Department may prescribe; provided (as stated hereinbefore) that this requirement does not apply when such distributor is required or authorized by the Cigarette Tax Act to place the tax imprint provided for in the last paragraph of Section 3 of that Act underneath the sealed transparent wrapper of such original package of cigarettes. Such imprinted language shall acknowledge the manufacturer's collection and payment of or liability for the tax imposed by this Act with respect to such cigarettes.

The Department shall adopt the design or designs of the tax stamps and shall procure the printing of such stamps in such amounts and denominations as it deems necessary to provide for the affixation of the proper amount of tax stamps to each original package of cigarettes.

Where tax stamps are required, the Department may authorize distributors to affix revenue tax stamps by imprinting tax meter stamps upon original packages of cigarettes. The Department shall adopt rules and regulations relating to the imprinting of such tax meter stamps as will result in payment of the proper taxes as herein imposed. No distributor may affix revenue tax stamps to original packages of cigarettes by imprinting meter stamps thereon unless such distributor has first obtained permission from the Department to employ this method of affixation. The Department shall regulate the use of tax meters and may, to assure the proper collection of the taxes imposed by this Act, revoke or suspend the privilege, theretofore granted by the Department to any distributor, to imprint tax meter stamps upon original packages of cigarettes.

The tax hereby imposed and not paid pursuant to this Section shall be paid to the Department directly by any person using such cigarettes within this State, pursuant to Section 12 hereof.

A distributor shall not affix, or cause to be affixed, any stamp or imprint to a package of cigarettes, as provided for in this Section, if the tobacco product manufacturer, as defined in Section 10 of the Tobacco Product Manufacturers' Escrow Act, that made or sold the cigarettes has failed to become a participating manufacturer, as defined in subdivision (a)(1) of Section 15 of the Tobacco Product Manufacturers' Escrow Act, or has failed to create a qualified escrow fund for any cigarettes

manufactured by the tobacco product manufacturer and sold in this State or otherwise failed to bring itself into compliance with subdivision (a)(2) of Section 15 of the Tobacco Product Manufacturers' Escrow Act.

(Source: P.A. 92-322, eff. 1-1-02; 92-536, eff. 6-6-02; 92-737, eff. 7-25-02; 93-22, eff. 6-20-03.)

Section 99. Effective date. This Act takes effect upon becoming law.".

There being no further amendments, the bill, as amended, was ordered to a third reading.

REPORTS FROM RULES COMMITTEE

Senator Halvorson, Chairperson of the Committee on Rules, during its July 25, 2007 meeting, reported the following Legislative Measures have been assigned to the indicated Standing Committees of the Senate:

Appropriations II: SENATE BILLS 1109, 1114 and 1134.

Education: Senate Floor Amendment No. 3 to Senate Bill 1.

Environment and Energy: Senate Committee Amendment No. 1 to House Bill 3388.

Executive: Senate Floor Amendment No. 2 to Senate Bill 2; Senate Floor Amendment No. 3 to Senate Bill 770, Senate Floor Amendment No. 1 to Senate Bill 1084; Senate Floor Amendment No. 2 to House Bill 824.

Local Government: Senate Committee Amendment No. 1 to House Bill 1664; Senate Committee Amendment No. 1 to House Bill 2306.

State Government and Veterans Affairs: Senate Floor Amendment No. 2 to Senate Joint Resolution 54.

Senator Halvorson, Chairperson of the Committee on Rules, during its July 25, 2007 meeting, reported the following Senate Resolutions have been assigned to the indicated Standing Committee of the Senate:

State Government and Veterans Affairs: Senate Resolutions Numbered 242, 256, 275, 293, 298 and 299; Senate Joint Resolutions Numbered 64 and 65.

Senator Halvorson, Chairperson of the Committee on Rules, during its July 25, 2007 meeting, reported the following House Resolutions have been assigned to the indicated Standing Committee of the Senate:

State Government and Veterans Affairs: House Joint Resolutions Numbered 22, 28, 31, 48 49, 51, 64, 65, 66, 69 and 70.

Senator Halvorson, Chairperson of the Committee on Rules, during its July 25, 2007 meeting, reported the following Joint Action Motions have been assigned to the indicated Standing Committees of the Senate:

Environment and Energy: Motion to Concur in House Amendments 1 and 2 to Senate Bill 1704

Judiciary Criminal Law: Motion to Concur in House Amendment 1 to Senate Bill 363; Motion to Concur in House Amendment 1 to Senate Bill 1023

Licensed Activities: Motion to Concur in House Amendments 1 and 2 to Senate Bill 128

State Government and Veterans Affairs: Motion to Concur in House Amendments 1 and 2 to Senate Joint Resolution 9

Transportation: Motion to Recede from Senate Amendment 1 to House Bill 654

POSTING NOTICES WAIVED

Senator Clayborne moved to waive the six-day posting requirement on **Senate Bills numbered 1109**, **1114 and 1134** so that the bills may be heard in the Committee on Appropriations II that is scheduled to meet July 26, 2007; and Senator Clayborne moved to waive the six-day posting requirement on **House Bills numbered 1664 and 2306** so that the bills may be heard in the Committee on Local Government that is scheduled to meet July 26, 2007; and Senator Clayborne moved to waive the six-day posting requirement on **House Bills No 3388** so that the bill may be heard in the Committee on Environment and Energy that is scheduled to meet July 26, 2007.

Sullivan

Viverito

Wilhelmi

Mr President

Trotter

Senators Burzynski and Righter requested a roll call vote on the motion. And on that motion, a call of the roll was had resulting as follows:

Yeas 32; Nays 12.

The following voted in the affirmative:

Bond Garrett Kotowski Clayborne Haine Link Collins Halvorson Maloney Crotty Harmon Martinez Cullerton Hendon Meeks DeLeo Holmes Noland Demuzio Hunter Ronen Forby Jacobs Sandoval Frerichs Koehler Schoenberg

The following voted in the negative:

BomkeHultgrenRighterBradyJones, J.RisingerBurzynskiLauzenSyversonDahlPetersonWatson

This roll call verified.

The motion prevailed, and the posting requirement was waived.

COMMITTEE MEETING ANNOUNCEMENTS

Senator Cullerton, Member of the Committee on Judiciary Criminal Law, announced that the Judiciary Criminal Law Committee will meet Thursday, July 26, 2007 in Room 212, at 8:45 o'clock a.m.

The Chair announced the following committees will meet Thursday, July 26, 2007:

Local Government at 8:30 o'clock a.m.

Transportation at 8:45 o'clock a.m.

Environment & Energy at 9:00 o'clock a.m.

Education at 10:00 o'clock a.m.

Licensed Activities at 10:00 o'clock a.m.

Executive at 11:00 o'clock a.m.

State Government & Veterans' Affairs at 11:00 o'clock a.m.

Appropriations II at 12:00 o'clock p.m.

MESSAGE FROM THE PRESIDENT

OFFICE OF THE SENATE PRESIDENT STATE OF ILLINOIS

EMIL JONES, JR. SENATE PRESIDENT 327 STATE CAPITOL Springfield, Illinois 62706

July 25, 2007

Ms. Deborah Shipley Secretary of the Senate Room 401 State House Springfield, IL 62706

Dear Madam Secretary:

Pursuant to the provisions of Senate Rule 2-10, I hereby establish December 31, 2007 as the Committee and Third Reading deadline for Senate Bills 1109, 1114, 1134.

Sincerely, s/Emil Jones, Jr. Senate President

cc: Senate Minority Leader Frank Watson

At the hour of 7:03 o'clock p.m., the Chair announced that the Senate stand adjourned until Thursday, July 26, 2007, at 10:30 o'clock a.m.