



Civic Federation

What Chicagoans Pay: A Guide to Consumer Taxes in 2026

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May 20, 2026

INTRODUCTION

The 2026 edition of this annual report lists and describes selected consumer taxes within the City of Chicago (Chicago or the 'City'), effective as of January 1, 2026. Consumer taxes are taxes imposed on the purchase, use, or consumption of goods and services by individuals and businesses. They are generally paid by the end user, either at the point of sale or through charges embedded in the price of a good or service, and include both broad-based sales taxes and targeted excise taxes on specific products or activities. Many goods that are subject to specific excise taxes (e.g., alcohol tax and motor fuel tax, etc.) are also subject to the general sales tax.

While not exhaustive, this report is intended to be a comprehensive compilation of taxes paid by consumers within the City of Chicago at all levels of government: federal, state, and local.

How this Report is Organized

The taxes in this report are grouped and presented under the following broader categories:

- Sales taxes;
- Tobacco and nicotine-related taxes;
- Cannabis taxes;
- Beverage taxes;
- Utility taxes;
- Accommodations taxes;
- Transportation-related taxes; and
- Other taxes.

It is important to note for tax professionals that the groupings are not related to how the taxes are imposed or collected, but instead are grouped together by category for ease of use by the public.

About the Tax Categorizations in This Report

The taxing authorities that impose taxes on consumers in the City of Chicago include the federal government, State of Illinois, Cook County, City of Chicago, Regional Transportation Authority (RTA), Metropolitan Pier and Exposition Authority (MPEA), and Illinois Sports Facilities Authority (ISFA). The summary table below shows the taxes imposed at each of these individual levels, as well as the total composite tax, which is the sum of all applicable taxes combined.

Taxes imposed by Cook County and the City of Chicago are organized into two sub-categories:

- Cook County:
 - 1) County
 - 2) Home Rule
- City of Chicago:
 - 1) Municipal
 - 2) Home Rule

These are differentiated due to the taxing authority through which the county and city can impose certain taxes. The *County* and *Municipal* designations are taxing authority granted by the State of Illinois to all municipalities or counties. For example, the State authorizes counties and municipalities to impose taxes on recreational cannabis up to a 3% cap. Both Cook County and the City of Chicago apply this 3% tax.

Taxes categorized as *County* and *Municipal* can also include taxes imposed by the State of Illinois, where a portion of the tax revenue is distributed to municipalities or counties. For example, Illinois' State sales tax rate is 6.25%, 5.0% of which goes to the State, 1.0% goes to all Illinois municipalities (including Chicago), and the remaining 0.25% goes to the counties. However, Cook County's 0.25% share of the State sales tax is distributed to the Regional Transportation Authority.

Home rule refers to the taxing authority granted by the State of Illinois to home rule governments to impose taxes not otherwise prohibited by the Constitution or state statutes. Both Cook County and the City of Chicago are home rule units of government. Article VII, Section 6 of the Illinois Constitution designates as a home rule government any municipality with a population over 25,000, any municipality that has adopted home rule by referendum, and a county with a chief executive officer. Cook County is the only county in Illinois that has home rule status.

Many of Chicago and Cook County's consumer taxes are levied through their *home rule* authority, such as taxes on cigarettes, liquor, soft drinks, motor fuel, and parking garages.

The following table provides a summary of all the selected consumer taxes and tax rates imposed within the City of Chicago.

SUMMARY TABLE

Summary Table: Selected Consumer Taxes in Chicago as of January 1, 2026 [†]										
	Federal	State	Cook County		City of Chicago		RTA ¹	MPEA ²	ISFA ³	TOTAL
			County	Home Rule	Municipal	Home Rule				
Sales Taxes										
General Merchandise	--	5.0% ⁴	--	1.75%	1.0%	1.25%	1.25% ⁵	--	--	10.25%
Food (Groceries)	--	--	--	--	--	--	1.25%	--	--	1.25% ⁶
Drugs and Medical Supplies	--	1.0% ⁶	--	--	--	--	1.25%	--	--	2.25%
Restaurant Tax*	--	--	--	--	--	0.50%	--	1.0%	--	1.50%
Cannabis Taxes**										
Medical Cannabis ⁷	--	--	--	--	1.0%	--	1.25%	--	--	2.25%
Recreational Cannabis*	--	10-25%	3.0%	--	3.0%	--	--	--	--	16.0-31.0%
Tobacco Taxes*										
Cigarette (per pack)	\$1.01	\$2.98	--	\$3.00	--	\$1.18	--	--	--	\$8.17
Smoking Tobacco (per ounce)	\$0.17	45% of wholesale price	--	\$0.60	--	--	--	--	--	45.0% + \$0.77
Smokeless Tobacco (per ounce)	\$0.03 to \$0.09	45% of wholesale price	--	\$0.60	--	--	--	--	--	45.0% + \$0.63-\$0.69
Little Cigar (per unit)	\$0.05	\$0.149	--	\$0.05	--	--	--	--	--	\$0.249
Large Cigar (per unit)	52.75% of sales price ⁸	45% of wholesale price	--	\$0.30	--	--	--	--	--	97.75% + \$0.30
Liquid Nicotine Products	--	45% of wholesale price	--	\$0.20 per milliliter of liquid	--	\$1.50 per unit + \$1.20 per ml	--	--	--	45% + \$1.50 per unit + \$1.40 per ml
Beverage Taxes										
Liquor Tax (per gallon)* (On Premises Consumption)										
Beer ⁹	\$0.58	\$0.231	--	\$0.09	--	\$0.29	--	--	--	\$1.19
Wine (range based on alcohol content and type)	\$1.07 to \$3.40	\$1.39	--	\$0.24 to \$0.45	--	\$0.36 to \$0.89	--	--	--	\$3.06 to \$6.13
Distilled Liquor	\$13.50 ¹⁰	\$8.55	--	\$2.50	--	\$2.68	--	--	--	\$27.23
Liquor Tax (per gallon)* (Off Premises Consumption)										
Beer ⁹	\$0.58	\$0.231	--	\$0.09	--	1.5% of retail price	--	--	--	0.902 + 1.5%
Wine (range based on alcohol content and type)	\$1.07 to \$3.40	\$1.39	--	\$0.24 to \$0.45	--	1.5% of retail price	--	--	--	\$2.70 to \$5.24 + 1.5%
Distilled Liquor	\$13.50 ¹⁰	\$8.55	--	\$2.50	--	1.5% of retail price	--	--	--	24.55 + 1.5%
Fountain Soft Drink Syrup Tax	--	--	--	--	--	9.0%	--	--	--	9.0%
Soft Drink Tax	--	--	--	--	--	3.00%	--	--	--	3.00%
Bottled Water Tax (per bottle)*	--	--	--	--	--	\$0.05	--	--	--	\$0.05
Utility Taxes										
Electricity Infrastructure Fee per kwh (base rate) ¹¹	--	--	--	--	\$0.0053	--	--	--	--	\$0.0053
Electricity Use Tax per kwh (base rate) ¹¹	--	\$0.0033	--	--	\$0.00610	--	--	--	--	\$0.0094
Natural Gas Utility Tax	--	\$0.024 per therm or 5.0% ¹²	--	--	8.0% ¹³	--	--	--	--	≤13.00%
Gas Use Tax	--	\$0.024 per therm or 5.0%	--	--	3	\$0.063 per therm	--	--	--	\$0.024 per therm or 5.0% + \$0.063 per therm
Water-Sewer Tax (per 1,000 gallons)	--	--	--	--	--	\$2.51	--	--	--	\$2.51

SUMMARY TABLE

Summary Table Continued: Selected Consumer Taxes in Chicago as of January 1, 2026 [†]										
	Federal	State	Cook County		City of Chicago		RTA ¹	MPEA ²	ISFA ³	TOTAL
			County	Home Rule	Municipal	Home Rule				
Accommodations Taxes										
Hotel Operators' Tax	--	6.17%	--	1.00%	1.08%	4.50%	--	2.50%	2.14%	17.39%¹⁴
Home Sharing Tax	--	--	--	--	--	6.00%	--	--	--	6.0%¹⁵
Transportation-Related Taxes										
Motor Fuel (per gallon)*										
Gasoline ¹⁶	\$0.184	\$0.483	--	\$0.06	--	\$0.08	--	--	--	\$0.81
Diesel ¹⁶	\$0.244	\$0.558	--	\$0.06	--	\$0.08	--	--	--	\$0.94
Vehicle Registration Tax										
Per small passenger automobile (annually)	--	\$151.00 ¹⁷	--	--	--	\$105.18	--	--	--	\$256.18
Per large passenger automobile (annually)	--	\$151.00 ¹⁷	--	--	--	\$167.07	--	--	--	\$318.07
Per electric vehicle (annually)	--	\$251.00 ¹⁷	--	--	--	\$105.18	--	--	--	\$256.18
Parking Tax										
Daily (24 hours or less)	--	6.0%	--	6.0%	--	23.25% ¹⁸	--	--	--	35.25%
Weekly/Monthly/Yearly	--	6.0% to 9.0% ¹⁸	--	9.0%	--	23.25%	--	--	--	38.25% to 41.25%
New Motor Vehicle Tax (per 4-wheel vehicle)*										
	--	--	--	\$15.00	--	--	--	--	--	\$15.00
Tire Fee (per tire)*										
	--	\$2.50	--	--	--	\$1.00	--	--	--	\$3.50
Automobile Rental Tax										
	--	5.0%	--	--	\$0.5 per rental period ¹⁹	--	--	6.0%	--	11.0% + \$0.5
Airport Departure Tax										
Taxis (per vehicle departure)	--	--	--	--	--	--	--	\$4.00	--	\$4.00
Buses and Vans (per vehicle departure)	--	--	--	--	--	--	--	\$54.00	--	\$18.00 to \$54.00
Buses and Vans Regulated by ICC (per passenger)	--	--	--	--	--	--	--	\$2.00	--	\$2.00
Ground Transportation Tax										
Taxis (per month)	--	--	--	--	--	\$98.00	--	--	--	\$98.00
Transportation Network Providers (Rideshares, e.g., Uber, Lyft) ²⁰ (per ride)	--	--	--	--	--	Single ride: \$1.25 (\$2.75 congestion pricing); Shared ride: \$0.65 (\$1.25 congestion pricing)	--	--	--	Single rides: \$1.25 to \$2.75; Shared rides: \$0.65 to \$1.25
Other Vehicles (per vehicle per day)	--	--	--	--	--	\$3.50 to \$9.00	--	--	--	\$3.50 to \$9.00
Boat Mooring Tax										
	--	--	--	--	--	23.25%	--	--	--	23.25%

SUMMARY TABLE

Summary Table Continued: Selected Consumer Taxes in Chicago as of January 1, 2026 [†]										
	Federal	State	Cook County		City of Chicago		RTA ¹	MPEA ²	ISFA ³	TOTAL
			County	Home Rule	Municipal	Home Rule				
Other Taxes										
Checkout Bag Tax (per bag)	--	--	--	--	--	\$0.15 ²¹	--	--	--	\$0.15
Telecommunications Excise Tax	3.0%	8.65%	--	--	7.0%	--	--	--	--	18.65%
911 service per network connection (per month)	--	--	--	--	\$5.00 ²²	--	--	--	--	\$5.00
Personal Property Lease Transaction Tax	--	--	--	--	--	15.00%	--	--	--	15.00%
Real Estate Transfer Tax	--	\$0.50 per \$500 (0.1%)	\$0.25 per \$500 (0.05%)		\$1.50 per \$500 (0.3%) ²³	\$3.75 per \$500 (0.75%)	--	--	--	\$6.00 per \$500 (1.2%)
Firearm and Ammunition Taxes*	--	See note 24	--	\$25 per firearm; \$0.01 to \$0.05 per cartridge ²⁵	--	--	--	--	--	\$25 per firearm; \$0.01 to \$0.05 per cartridge ²⁵
Amusement Tax	--	--	--	3.0% (1.0% to 1.5% live cultural performances)	--	9.00% (10.25% electronically delivered; 3.00% ticket resale)	--	--	--	12% for in-person amusement; ²⁶ 6% for ticket resale

See notes to the summary table and and report narrative for more details.

Notes to Summary Table:

Note: "Municipal" and "County" refer to taxing authority granted by state law to municipalities and counties and is distinct from taxes imposed by virtue of home rule status.

[†] All of the tax rates in the table are effective as of January 1, 2026.

* Subject to general merchandise sales tax in addition to tax referenced. Additionally, effective March 1, 2026, the City of Chicago replaced its per-gallon rates for off-premises sales with a flat 1.5% of the retail purchase price, collected by the retailer at the point of sale. The per-gallon rates shown above continue to apply to on-premises sales at bars, restaurants and licensed venues.

** A cultivation privilege tax of 7.0% applies to both medical and recreational sales by a cultivator or craft grower. However, it is not included in this chart because while it could be passed onto a consumer in the purchase price, it is not a direct consumer tax.

¹ Regional Transportation Authority (Chicago Transit Authority, Metra, Pace).

² Metropolitan Pier and Exposition Authority taxes are levied on different geographic areas. The restaurant tax area consists of Stevenson Expressway (south), Ashland Avenue (west), Diversey Avenue (north), Lake Michigan (east) and airports. The hotel tax is throughout Chicago, the airport departure tax is at airports and the automobile rental tax is throughout Cook County.

³ Illinois Sports Facilities Authority (Rate Field and Soldier Field).

⁴ The State collects a tax of 6.25%. The State keeps 5.0% and distributes the remaining 1.25% to local governments.

⁵ This includes the 1.0% Regional Transportation Authority (RTA) sales tax and the 0.25% county share of the state sales tax that is distributed to the RTA in Cook County.

⁶ Beginning January 1, 2026, Illinois eliminated the 1% state tax on food groceries (i.e. food for human consumption purchased to be eaten off premises), while the 1% on drugs and medical supplies remains in place. Municipalities are now authorized to impose a 1% grocery tax, but the City of Chicago did not pass a replacement grocery tax.

⁷ The medical cannabis sold at licensed dispensaries is classified as a drug/medical product, not a grocery. The State of Illinois also requires medical cannabis users to apply for a registration card, which is subject to an application fee of \$25-\$125, depending on the number of years the card is valid and whether the patient qualifies under a reduced application fee. There is also a tax on cannabis cultivators for medical and recreational use, which can be passed on to the purchasing dispensary, processor or infuser.

⁸ Federal tax is limited to \$0.4026 per cigar.

SUMMARY TABLE

Notes to Summary Table Continued:

⁹ The State taxes beer and cider at the same rate of \$0.231 per gallon. The federal excise tax on cider is \$0.226 per gallon. Effective March 1, 2026, the City of Chicago replaced its per-gallon home rule liquor tax rates for off-premises sales with a flat rate of 1.5% of the retail purchase price. Per-gallon rates continue to apply to on-premises sales at bars and restaurants.

¹⁰ The federal government is the only one that taxes distilled liquor based on proof of the distilled alcohol rather than volume, at a rate of \$13.50 per 100-proof gallon of liquor.

¹¹ Rates shown for the Electricity Infrastructure Fee and Electricity Use Tax are the base rate for the first 2,000 kilowatt hours of electricity used. As electricity usage increases, additional charges accumulate at a diminishing rate. The rate for any amount over 20 million kwh is \$0.00202.

¹² The State rate for natural gas usage is the lesser of \$0.024 per therm of gas sold to each customer or 5% of gross revenue from each customer.

¹³ Large institutions that purchase from providers other than Peoples Gas are subject to \$0.063 per therm instead of 8%.

¹⁴ This figure represents the effective rate of this tax. See the narrative for more detail.

¹⁵ In addition to the 6.0% home sharing tax, the composite hotel tax rate of 17.39% also applies to home sharing in Chicago, for a total home sharing tax rate of 23.4%.

¹⁶ Does not include \$0.003 for Underground Storage Tank Tax and \$0.008 for environmental impact fee imposed by the State of Illinois, which are charged in addition to the motor fuel tax rates shown in the table. The City of Chicago's \$0.08 Vehicle Fuel Tax does not apply to aircraft fuel, which is taxed at \$0.05 per gallon.

¹⁷ The State vehicle registration fee of \$151 includes a \$1 surcharge that goes to the State Police Vehicle Fund and a \$2 surcharge that is deposited into the Park and Conservation Fund. Electric vehicles are assessed an additional \$100 in lieu of paying motor fuel taxes.

¹⁸ The City of Chicago charges a flat parking tax rate of 23.25% on all parking, daily, weekly, and monthly, effective January 1, 2025. The State of Illinois charges a parking tax rate of 6.0% for a space on an hourly, daily or weekly basis and 9.0% if paid on a monthly or annual basis.

¹⁹ The City of Chicago imposes a 15% personal property lease tax on auto rental in addition to the \$0.50 per rental period, of motor vehicle lessor tax.

²⁰ Transportation network providers (TNPs) are rideshare companies such as Uber and Lyft. TNP trips that begin or end in Chicago are charged \$1.13 per trip for single rides and \$0.53 per trip for shared rides, plus an Accessibility Fund payment of \$0.10 per trip for all trips. As of 2025, trips that begin or end in the designated downtown zone are charged an additional surcharge every day from 6 a.m. to 10 p.m. of \$1.50 per trip for single rides and \$0.60 per trip for shared rides. A \$5.00 per trip surcharge also applies to TNP trips with a pickup or drop-off at Chicago airports, Navy Pier, or McCormick Place. Separate Ground Transportation Tax rates apply to other hired ground transportation, including \$98 per month on medallion licensees and liveries, daily per-vehicle charges for certain non-taxicab vehicles (varying by seating capacity), and \$1.00 per day for pedicabs.

²¹ Effective January 1, 2026, the City of Chicago imposes a \$0.15 tax on each checkout bag sold or used in the City. Of the \$0.15 tax, the retailer (or other remitter) may retain \$0.01 per bag as a collection allowance and remits \$0.14 per bag to the City.

²² The \$5.00 911 surcharge is applied monthly per network connection or wireless number. The City of Chicago imposes a 7.0% surcharge on prepaid wireless services. The enforcement and collection of this surcharge is administered by the Illinois Department of Revenue.

²³ \$1.50 per each \$500 tax is transferred to the Chicago Transit Authority.

²⁴ The State of Illinois requires residents to have a Firearm Owners Identification Card in order to purchase a firearm. The fee for the card is \$10.00 per ten years.

²⁵ The Cook County Firearm and Ammunition Tax (\$25 per firearm; \$0.01–\$0.05 per cartridge) has been subject to ongoing legal challenges. Cook County maintains the tax remains enforceable pending appeal and continues to collect it, although the legal status of this tax remains unresolved as of the date of this report.

²⁶ For transactions where both City and County taxes apply, the rates are additive: General in-person amusements: 12.0% total (Cook County 3.0% + Chicago 9.0%); Ticket resale transactions: 6.0% total (Cook County 3.0% + Chicago 3.0%). Cook County states that it does not collect amusement tax on paid television, so electronically delivered amusements are generally taxed at Chicago's 10.25% rate only.

Sources: Commission on Government Forecasting and Accountability Research Unit, Illinois Tax Handbook for Legislators, 39th Edition, April 2023; Illinois Department of Revenue website; City of Chicago Department of Revenue website; Cook County Department of Revenue website; United States Government Printing Office website; Illinois Compiled Statutes; Code of Ordinances of Cook County, Illinois; Municipal Code of Chicago; and United States Code.

RECENT CHANGES TO CONSUMER TAXES IN CHICAGO

Tax Rate Changes

The following taxes increased as of January 2026. Several of these tax changes were included as part of the City of Chicago's FY2026 adopted budget.

Motor Fuel Tax, State of Illinois – The State of Illinois' motor fuel tax increases automatically on July 1 of each year by the percentage increase of the Consumer Price Index based on 12-month data from the United States Department of Labor ending each March. One exception was a six-month delay in the annual increase on the State's motor fuel tax that would have gone into effect July 1, 2022, but was delayed to January 1, 2023. The State has since resumed the normal scheduled CPI increases. Effective July 1, 2025, through June 30, 2026, the State motor fuel tax is \$0.483 per gallon of gasoline and \$0.558 per gallon of diesel fuel.¹

Vehicle Registration Tax, City of Chicago – The City of Chicago's vehicle registration tax, more commonly referred to as the wheel tax or Chicago city sticker, increased effective January 1, 2026, from \$100.17 to \$105.18 for small passenger vehicles and from \$159.12 to \$167.07 for large passenger vehicles.

Automobile Rental Tax, City of Chicago – Effective January 1, 2026, the City of Chicago reduced its Motor Vehicle Lessor Tax from \$2.75 per rental period to \$0.50 per rental period as part of the City's 2026 Revenue Ordinance. The City continues to charge the 15.0% personal property lease transaction tax on automobile rentals in addition to the Motor Vehicle Lessor Tax.

Rideshare Tax (Ground Transportation Tax), City of Chicago – As of January 6, 2026, transportation network providers are currently charged a per-ride rate of \$1.13 per single ride and \$0.53 per shared ride citywide, regardless of the pick-up or drop-off location. Rides that begin or end within a designated downtown zone or newly defined congestion zones between 6 a.m. and 10 p.m. are charged an additional surcharge of \$1.50 for single rides and \$0.60 for shared rides.² Effective January 6, 2026, the City of Chicago expanded the congestion zone surcharge structure. For single rides, an additional surcharge of \$1.50 per ride applies seven days a week between 6 a.m. and 10 p.m. for rides that include a pickup or drop-off in a newly defined congestion zone. For shared rides, an additional surcharge of \$0.60 applies on weekdays between 6 a.m. and 10 p.m. for rides in those zones.

Boat Mooring Tax, City of Chicago – Effective January 1, 2026, the City of Chicago increased its boat mooring tax rate from 7.0% to 23.25% of the docking or mooring fee as part of the City's 2026 Revenue Ordinance. A reduced rate of 7.0% continues to apply to not-for-profit corporations. The boat mooring tax applies to the docking or mooring of any watercraft for a

¹ Illinois Department of Revenue, "FY 2026-23, Changes in the Motor Fuel Tax Rate, Effective July 1, 2025, through June 30, 2026." <https://tax.illinois.gov/research/publications/bulletins/fy-2025-23.html>.

² The designated downtown zone includes the Loop, the near north side (as far north as North Avenue), the West Loop, and the South Loop (as far south as Roosevelt Road). It does not include Navy Pier.

fee within the City's corporate limits and has been in existence since January 1, 1984. Prior to January 1, 2026, the 7.0% rate had been in effect since January 1, 2003, when it replaced a prior rate of 25.0%. The individual charged a mooring or docking fee is responsible for paying the boat mooring tax to the marina or docking facility.

Checkout Bag Tax, City of Chicago – Effective January 1, 2026, as part of the City's 2026 Revenue Ordinance, the City of Chicago increased its checkout bag tax from \$0.10 to \$0.15 per bag. Of the \$0.15 tax per checkout bag, the City receives \$0.14, and the retailer is eligible to keep the remaining \$0.01.

Personal Property Lease Transaction Tax, City of Chicago – The City of Chicago increased its tax on the lease, rental or use of rented, personal property or nonpossessory computer leases of software and infrastructure (referred to as cloud software and cloud infrastructure) from 11.0% to 15.0%, effective January 1, 2026, as part of the City's 2026 Revenue Ordinance.

Other Tax Updates

The following are additional updates on taxes that have not yet taken effect or are not reflected in this report because they are not directly imposed on consumers at the point of transaction, but nonetheless may affect consumers indirectly or otherwise remain relevant to understanding the region's tax landscape.

Sales Tax on General Merchandise, Regional Transportation Authority – A bill increasing the RTA's portion of the Cook County sales tax from 1.0% to 1.25% passed both chambers of the Illinois General Assembly in October 2025 and was signed by the Governor in December 2025. The RTA Board must still vote to approve the tax increase within 60 days of June 1, 2026, in order for the increased rate to take effect. If this goes into effect, it would raise Chicago's composite sales tax rate from 10.25% to 10.50%, giving Chicago the highest combined sales tax rate of any major city in the nation. This potential increase is not reflected in the Summary Table, which shows the current rate of 10.25%.³

Firearm and Ammunition Taxes, Cook County – Cook County's firearm and ammunition tax of \$25.00 per firearm and \$0.01 to \$0.05 per cartridge is currently subject to active litigation. In January 2025, the Cook County Circuit Court ruled against the amended Cook County Firearm and Firearm Ammunition Tax Ordinance, finding that it still violated the uniformity clause of the Illinois Constitution despite amendments made in November 2021 to direct revenue from the tax to a dedicated violence prevention fund. Cook County has maintained that the tax remains enforceable pending the outcome of its appeal. The rates are reflected in the Summary Table as currently imposed, but readers should monitor the status of this litigation as a court ruling could affect the enforceability of the tax.

Sports Wagering Tax, City of Chicago – Effective January 1, 2026, the City of Chicago adopted a sports wagering tax at a rate of 10.25% of adjusted gross sports wagering receipts and

³ Illinois Policy Institute, "Chicago's High Sales Taxes About to Increase to No. 1 in Nation," November 2025. <https://www.illinoispolicy.org/chicagos-high-sales-taxes-about-to-increase-to-no-1-in-nation/>.

expanded the tax to cover internet and mobile wagering, as part of the City's 2026 Revenue Ordinance. The tax is imposed directly on primary sports licensees — the operators — rather than on consumers at the point of transaction, and is therefore not included in the Summary Table. The cost may nonetheless be passed on to consumers indirectly through adjusted odds or reduced promotions.⁴

Video Gaming, City of Chicago – As part of the City of Chicago FY2026 budget, the City authorized video gaming within the City of Chicago and established licensing fees, effective January 1, 2026. Businesses operating video gaming terminals in Chicago will be charged \$500 per establishment and \$1,000 per machine annually. Video gaming terminals are taxed by the State of Illinois at a rate of 35% of net terminal income, of which 5% is remitted to the municipality or county where the terminal resides.

Social Media Amusement Tax, City of Chicago – Effective January 1, 2026, the City of Chicago enacted a new Social Media Amusement Tax as part of the City's 2026 Revenue Ordinance, making Chicago the first city in the United States to impose such a tax. The tax is imposed on social media businesses that collect consumer data on more than 100,000 Chicago consumers in a calendar year, at a rate of \$0.50 per Chicago consumer per calendar month in excess of 100,000 consumers. The tax is imposed on the social media business rather than on consumers at the point of transaction, and is therefore not included in the Summary Table.⁵ The tax is the subject of ongoing litigation as of the date of this report's publication.

⁴ City of Chicago Municipal Code, Chapter 4-156-968 and 4-156-973.

⁵ BDO USA, "Chicago Introduces Social Media Tax, Increases Personal Property Lease Transaction Rate," January 2026. <https://www.bdo.com/insights/tax/chicago-introduces-social-media-tax-increases-personal-property-lease-transaction-rate>.

OVERVIEW OF SELECTED CONSUMER TAXES IN CHICAGO

SALES TAXES

“Sales” taxes in Illinois are actually composed of two matching pairs of taxes: 1) retailers’ occupation and use taxes and 2) service occupation and service use taxes. For simplicity, we refer to them as sales taxes. It is important to note that a number of the items and services subject to other specific taxes and fees are also subject to the sales tax on general merchandise. This is noted where possible throughout this report.

Sales Tax on General Merchandise

The sales tax on general merchandise applies to tangible personal property (goods). There are exceptions, such as food (groceries) and drugs, which have reduced rates discussed below, but the sales tax does apply to alcoholic beverages, soft drinks, and food prepared for immediate consumption.

The total composite sales tax imposed within the City of Chicago is 10.25%. The statewide sales tax rate in Illinois is 6.25%, 5% of which goes to the State, 1.0% is distributed to municipalities, and 0.25% is distributed to counties.⁶ In addition, Cook County has a 1.75% sales tax imposed through the County’s home rule authority. The Regional Transportation Authority (RTA) also collects sales tax at a rate of 1.0% within Cook County and 0.75% in the collar counties. Many home rule municipalities, including Chicago, impose a sales tax in addition to the portion they receive through the State’s sales tax. The City of Chicago’s home rule sales tax rate is 1.25%, and for municipalities in suburban Cook County and the collar counties, the rate varies from 0.5% to 2.0%.⁷

A bill increasing the RTA’s portion of the Cook County sales tax from 1.0% to 1.25% passed both chambers of the Illinois General Assembly in October 2025 and was signed by the Governor in December 2025. However, the RTA Board must still vote to approve the tax increase within 60 days of June 1, 2026, in order for the increased rate to take effect. If this goes into effect, it would raise Chicago’s composite sales tax rate from 10.25% to 10.50%, giving Chicago the highest combined sales tax rate of any major city in the nation.

The table below summarizes the composite sales tax rates on general merchandise in Chicago, Suburban Cook County, and the collar counties (DuPage, Kane, Lake, McHenry, and Will Counties).

⁶ For Cook County only, the 0.25% county portion is directed to the Regional Transportation Authority instead of Cook County. For unincorporated areas that are not part of a municipality, the 1.0% municipal portion is directed to the county.

⁷ Some municipalities have established business improvement districts that raise additional sales tax. These business improvement districts are not included in the above rates.

Sales Tax on General Merchandise as of January 1, 2026

	Suburban Cook		
	Chicago	County	Other Collar County
State	5.00%	5.00%	5.00%
Municipal¹	1.00%	1.00%	1.00%
County (to RTA)²	0.25%	0.25%	0.25%
Cook County Home Rule	1.75%	1.75%	-
RTA	1.00%	1.00%	0.75%
Municipal Home Rule³	1.25%	0.50% to 2.00%	0.25% to 2.00%
Composite Rate⁴	10.25%	9.00% to 11.00%	7.00% to 9.00%

¹ The municipal rate also applies to unincorporated areas.

² In Cook County only, the non-home rule portion of the county's sales tax is allocated to the RTA rather than to Cook County.

³ Not all municipalities are home rule units of government; therefore some cannot impose a municipal sales tax without a referendum.

⁴ Some municipalities may have business improvement district sales taxes that raise local totals above the ranges shown in this chart.

Source: Illinois Department of Revenue, *Tax Rate Finder*, available at https://mytax.illinois.gov/_/#1.

Brief History of Sales Tax Changes

Several changes to state and local sales tax rates have impacted the City of Chicago's composite sales tax rate since 1969. These changes include the following:

- The State of Illinois sales tax rate increased from 3.0% to 4.0% in 1969. It increased to 5.0% in 1984 and again to 6.25% in 1990;
- Chicago's home rule tax was first imposed at 1.0% on August 1, 1981, and increased by 0.25% on July 1, 2005, to 1.25%;
- The RTA tax increased by 0.25% on both general sales and food and drugs (plus an additional 0.25% in collar counties), effective April 1, 2008;
- Cook County imposed a home rule tax of 0.75% on September 1, 1992, and increased it to 1.75%, effective July 1, 2008;
- The Cook County home rule sales tax decreased to 1.25%, effective July 1, 2010;
- Cook County fully repealed its one-percentage point increase passed in 2008 by reducing the home rule sales tax to 1.0% beginning in January 2012 and to 0.75% beginning January 2013; and
- Effective January 1, 2016, the Cook County sales tax was again increased by one percentage point, bringing the County's tax back to 1.75% and the total composite sales tax rate in the City of Chicago to 10.25%.

City of Chicago Composite Sales Tax Rates Changes: 1969-2026

Year Change						
Occurred	State	Chicago	RTA	Cook County	Total	
1969	4.00%					4.00%
1981	4.00%	1.00%				5.00%
1983	4.00%	1.00%	0.75%			5.75%
1984	5.00%	1.00%	0.75%			6.75%
1990	6.25%	1.00%	0.75%			8.00%
1992	6.25%	1.00%	0.75%	0.75%		8.75%
2005	6.25%	1.25%	0.75%	0.75%		9.00%
2008	6.25%	1.25%	1.00%	1.75%		10.25%
2010	6.25%	1.25%	1.00%	1.25%		9.75%
2012	6.25%	1.25%	1.00%	1.00%		9.50%
2013	6.25%	1.25%	1.00%	0.75%		9.25%
2015	6.25%	1.25%	1.00%	0.75%		9.25%
2016	6.25%	1.25%	1.00%	1.75%		10.25%
2026	6.25%	1.25%	1.00%	1.75%		10.25%

Source: Commission on Government Forecasting and Accountability Research Unit, Illinois Tax Handbook for Legislators, 39th Edition, April 2023, pp. 117 and 127 (data through 2016); Illinois Department of Revenue, Tax Rate Finder, available at https://mytax.illinois.gov/_/#1 (data for 2017–2026)

Additionally, there have been several changes to the way sales taxes are collected in Illinois in recent years:

- Effective January 1, 2015, the State of Illinois expanded⁸ the type of out-of-state retailers required to register in Illinois and collect and remit use tax. Collection and remittance of the use tax applies to out-of-state retailers that satisfy all the following criteria:
 - The out-of-state retailer has a contract with a person in Illinois;
 - Under the contract, the person in Illinois refers potential customers to the retailer and the retailer pays a commission or other consideration to the person in Illinois based on the sale of tangible personal property by the retailer;
 - The person in Illinois provides a promotional code or other mechanism to the potential customers that allows the retailer to trace the purchases made by these customers; and
 - The retailer made cumulative gross sales of \$10,000 during the preceding four quarterly periods to customers referred by persons located in Illinois, regardless of the location of the customers;

⁸ Public Act 98-1089, 35 ILCS 105/2(1.1) and 35 ILCS 110/2(1.1); Illinois Department of Revenue Informational Bulletin FY2015-07: [Important Notice of Changes to Out-of-State Retailers](#), December 2014.

- Effective July 1, 2017, with the State of Illinois' FY2018 budget, the State began collecting an administrative 2.0% surcharge on sales tax collections from home rule sales taxes. Home rule sales taxes are collected and administered by the State on behalf of local governments. The State then distributes the revenue, minus the 2% surcharge, to the local governments that impose the tax. While the surcharge does not affect the composite sales tax rate, it does impact the amount of revenue local governments receive from sales taxes. The State of Illinois' FY2019 budget reduced the administrative sales tax collection fee from 2% to 1.5%;
- A U.S. Supreme Court ruling in the case of *South Dakota v. Wayfair* on June 21, 2018, required retailers to collect sales tax on products sold online, even if the retailer does not have a physical presence in the state. Previously, only remote retailers with a physical presence in Illinois were required to collect the state use tax of 6.25%. Beginning October 1, 2018, all remote retailers, including those without a physical presence in Illinois, that generate more than \$100,000 in annual sales from Illinois customers or that conduct at least 200 separate transactions per year to Illinois customers,⁹ are required to collect the Illinois state use tax of 6.25%.¹⁰ This requirement later expanded to marketplace facilitators that meet certain thresholds. Effective January 1, 2020, marketplace facilitators are also required to file and remit use taxes on behalf of their marketplace sellers if the combined annual sales to Illinois customers on the marketplace exceed \$100,000, or if the number of transactions to Illinois customers for the year over the marketplace is 200 or greater.¹¹ These changes do not affect the composite sales tax rate in the City of Chicago, but affect the amount of sales tax revenue the State of Illinois and local governments receive from online sales;
- On June 28, 2019, Public Act 101-0031, the "Leveling the Playing Field for Illinois Retail Act," was signed into Illinois law, and on December 13, 2019, Public Act 101-0604, an amendment to the Act, was signed into law. Beginning January 1, 2021, the law requires remote sellers without a physical presence in the state and marketplace facilitators (e.g., Amazon and Walmart) making sales on behalf of marketplace sellers—who either generate more than \$100,000 in annual sales from Illinois customers or conduct at least 200 separate transactions per year to Illinois customers—to collect both state and local sales taxes based on the delivery address of the tangible personal property sold.¹² Effective January 1, 2026, this legislation was also extended to apply to the service occupation tax and service use tax, requiring servicemen with nexus in Illinois to collect and remit both state and applicable local taxes when a service is provided from outside the state to an Illinois customer; and

⁹ Per the FY2019 State of Illinois Budget Implementation Act, Public Act 100-0587.

¹⁰ Illinois Department of Revenue Informational Bulletin FY2019-05: [Use Tax Guidance for Remote Sellers](#), August 2018.

¹¹ Illinois Department of Revenue Informational Bulletin FY2020-18: [Illinois Use Tax Requirements for Marketplace Facilitators and Marketplace Sellers](#), December 2019.

¹² Illinois Municipal League Fact Sheet, "[Illinois Passes 21st Century Sales Tax Law](#)," November 14, 2019.

- Effective January 1, 2026, Illinois eliminated the 200-transaction threshold for determining economic sales tax nexus for remote retailers and marketplace facilitators. Economic nexus is now determined solely on the basis of whether a seller's Illinois sales meet or exceed \$100,000 in the preceding 12-month period, regardless of the number of transactions.¹³

Ordinances and Statutes:

35 ILCS 105/1 ff – use tax

35 ILCS 120/1 ff – retailers’ occupation tax

35 ILCS 110/1 ff – service use tax

35 ILCS 115/1 ff – service occupation tax

55 ILCS 5/5-1006 and 5/5-1007

65 ILCS 5/8-11-1, 5/8-11-5 and 5/8-11-6

70 ILCS 3615/4.03

70 ILCS 3615/4.09(b) (1)

410 ILCS 130

Code of Ordinances of Cook County, Illinois, Chapter 74, Articles IV and V

City of Chicago Municipal Code, Chapters 3-27 and 3-28; 3-40-10 and 3-40-430

Sales Tax Comparison

The following table provides a comparison of composite sales tax rates for Chicago and selected peer cities. Cities were selected based on two criteria: major U.S. cities with populations exceeding 500,000, and cities in the Midwest and Great Lakes region that represent Chicago’s immediate economic and regional context. Seattle is included because its rate recently surpassed Chicago’s. These composite rates include both state and local rates imposed within each city.

The City of Chicago’s composite sales tax rate has been one of the highest in the nation at 10.25% since Cook County increased its home rule sales tax rate on January 1, 2016, by one percentage point, from 0.75% to 1.75%. It remains at 10.25% as of the date of this report, though pending approval of an RTA tax increase, Chicago’s composite rate could increase to 10.5%.¹⁴

Several of the cities listed saw changes in their composite sales tax rates since the prior edition of this report, published in 2024. Effective January 1, 2026, Seattle’s rate increased from 10.35% to 10.55% following the addition of 0.1% local law enforcement programs taxes enacted at the city and county level, making Seattle the only city in the table with a higher composite rate than

¹³ Illinois Department of Revenue, “FY 2026-13, Service Occupation Tax Changes,” January 2026. <https://tax.illinois.gov/research/publications/bulletins/fy-2026-13.html>

¹⁴ Illinois Department of Revenue, “FY 2026-12, Destination-Based Retailers’ Occupation Tax Changes,” December 2025. <https://tax.illinois.gov/research/publications/bulletins/fy-2026-12.html>

Chicago.¹⁵ Effective January 1, 2025, Los Angeles' rate increased from 9.5% to 9.75% due to a countywide 0.25% increase to fund homelessness and affordable housing programs.¹⁶ Effective October 1, 2023, the State of Minnesota implemented two new sales and use taxes for transportation and affordable housing for the Minneapolis metropolitan area, adding a combined 1.0% to the composite rate and bringing Minneapolis' total to 9.025%.¹⁷ The City of Milwaukee's composite rate increased by 2.4 percentage points effective January 1, 2024, reflecting an increase in the Milwaukee County sales and use tax rate from 0.5% to 0.9% and the addition of a new 2.0% City of Milwaukee sales and use tax, bringing Milwaukee's composite rate to 7.9%.¹⁸ Among U.S. cities with populations exceeding 500,000, Chicago continues to have one of the highest composite sales tax rates in the nation.

**Sales Tax Rates for Selected Cities in the United States
as of January 1, 2026**

Seattle, WA	10.550%
Chicago, IL	10.250%
Los Angeles, CA	9.750%
Minneapolis, MN	9.025%
New York City, NY	8.875%
Phoenix, AZ*	8.600%
Houston, TX	8.250%
Milwaukee, WI	7.900%
Columbus, OH	7.500%
Detroit, MI	6.000%
Indianapolis, IN	7.000%

*Sales tax rate for Phoenix, AZ is for purchases of \$10,303 or less for a single item. The sales tax rate for purchases of \$10,303 or more for a single item is 8.3%.

Sources: Washington State Department of Revenue; Illinois Department of Revenue; California Department of Tax and Fee Administration; Minnesota Department of Revenue; New York City Department of Finance; City of Phoenix Finance Department; Texas Comptroller of Public Accounts; Wisconsin Department of Revenue; Ohio Department of Taxation; Michigan Department of Treasury; Indiana Department of Revenue.

¹⁵ Washington State Department of Revenue, "Local Sales & Use Tax Change — City of Seattle," effective January 1, 2026.

¹⁶ California Department of Tax and Fee Administration, Los Angeles County rate change, effective January 1, 2025.

¹⁷ Minnesota Department of Revenue, Metro Area Transportation Sales and Use Tax, July 18, 2023; Minnesota Department of Revenue, Metro Area Sales and Use Tax for Housing, July 18, 2023.

¹⁸ Wisconsin Department of Revenue, Milwaukee Sales and Use Taxes (Fact Sheet 2414), October 31, 2023.

Sales Tax on Food and Drugs

The composite sales tax rates on food (groceries) and drugs in Chicago were both previously 2.25%, but diverged effective January 1, 2026. The composite sales tax rate on food purchased for off-premises consumption (groceries) is now 1.25%, reduced from 2.25% in prior years. The composite sales tax rate on drugs and medical appliances remains 2.25%. Both rates continue to be significantly lower than the general sales tax rate of 10.25%.

Effective January 1, 2026, the State of Illinois eliminated its 1.0% tax on food for human consumption purchased for off-premises consumption (groceries) pursuant to Public Act 103-0781, signed by Governor Pritzker in August 2024.¹⁹ The State's 1.0% tax on drugs and medical appliances was not affected by this legislation and continues to apply.²⁰ The same legislation authorized municipalities and counties to impose a local 1.0% replacement grocery tax by ordinance. More than 650 municipalities across Illinois filed ordinances to implement a local replacement tax effective January 1, 2026.²¹ The City of Chicago, however, did not pass a local replacement ordinance before the October 1, 2025, state filing deadline, and a grocery tax replacement was not included in the City's FY2026 budget.²² As a result, the 1.0% component was eliminated from Chicago's composite food rate, reducing it from 2.25% to 1.25%, while the drug and medical appliance rate remains unchanged at 2.25%.

The Regional Transportation Authority (RTA) imposes a tax on both food and drugs, which applies in Chicago, Cook County, and the surrounding collar counties, and remains unchanged at 1.25% in Chicago. The following table shows the total sales taxes on food and drugs in the City of Chicago, Cook County suburbs, and surrounding collar counties as of January 1, 2026.

¹⁹ Illinois Department of Revenue, "FY 2026-03, Illinois Grocery Tax Changes Effective January 1, 2026," October 2025. <https://tax.illinois.gov/research/publications/bulletins/fy-2026-03.html>; Public Act 103-0781 (Ill. 2024).

²⁰ Illinois Department of Revenue, "FY 2026-03": "The State's one-percent (1%) sales and use tax will continue to be imposed on items that meet the definition of qualifying drugs or medical appliances." <https://tax.illinois.gov/research/publications/bulletins/fy-2026-03.html>.

²¹ Illinois Municipal League, "Grocery Tax Resources," 2025. <https://www.iml.org/grocerytax>.

²² WTTW News, "Chicago's 2026 Budget Takes Effect, Forcing Chicagoans to Pay More for Shopping Bags, Uber Rides, Booze, Online Gaming — But Grocery Tax Eliminated," December 31, 2025. <https://news.wttw.com/2025/12/31/chicago-s-2026-budget-takeseffect-forcing-chicagoans-pay-more-shopping-bags-uber-rides>.

Sales Tax on Food and Drugs			
As of January 1, 2026			
	Suburban		
	Chicago	Cook County	Collar Counties
Food (groceries)			
State	--	--	--
Municipal*	--	1.00%**	--
RTA	1.25%	1.25%	0.75%
Composite Rate	1.25%	1.25% to 2.25%	0.75%
Drugs and Medical Appliances			
State	1.00%	1.00%	1.00%
RTA	1.25%	1.25%	0.75%
Composite Rate	2.25%	2.25%	1.75%

*This rate also applies to county unincorporated areas.

**Suburban Cook County municipalities that passed local replacement ordinances maintain a 1.0% municipal grocery tax, resulting in a composite food rate of 2.25%. Rates vary by municipality.

Source: Illinois Department of Revenue, "FY 2026-03, Illinois Grocery Tax Changes Effective January 1, 2026," available at <https://tax.illinois.gov/research/publications/bulletins/fy-2026-03.html>; Illinois Municipal League, "Grocery Tax Resources"; City of Chicago FY2026 Budget Ordinance, adopted December 2025; Commission on Government Forecasting and Accountability Research Unit, Illinois Tax Handbook for Legislators, 39th Edition, April 2023, p. 128.

Brief History of Food and Drug Tax Changes

Several changes have impacted the composite sales tax rate on food and drugs in Chicago:

- An RTA tax increase of 0.25% on both general sales and food and drugs (plus an additional 0.25% in collar counties for their transportation projects) went into effect on April 1, 2008.
- On September 1, 2009, a law passed by the General Assembly redefined certain items subject to the food and drugs sales tax, making some products previously taxed at the reduced rate subject to the full 6.25% general merchandise sales tax. The law classified candy containing flour, such as Twix and Kit Kats, as food subject to the lower rate, while candy without flour, such as Snickers, became subject to the higher general merchandise rate. The law also removed grooming and hygiene products from the nonprescription medicines and drugs category, making products such as shampoo and toothpaste subject to the 6.25% tax rate rather than the lower food and drugs rate.
- In 2016, the State of Illinois, Cook County, and the City of Chicago all approved legislation that made tampons, menstrual pads, and menstrual cups exempt from the full sales tax.

- The lower sales tax on food and drugs was applied to medical cannabis with the passage of Public Act 98-0122 (the Compassionate Use of Medical Cannabis Pilot Program Act), which went into effect January 1, 2014, and was made permanent in 2019 via Public Act 101-363. Through this legislation, the sale of medical cannabis at licensed medical cannabis dispensaries is taxed by the State of Illinois at the reduced drug rate. Medical cannabis is also subject to the RTA tax on food and drugs. Because medical cannabis is classified as a drug and medical product rather than a grocery item, its composite rate of 2.25% is unaffected by the elimination of the state grocery tax effective January 1, 2026.
- As part of the State of Illinois FY2023 Budget approved in April 2022, the State legislature approved a one-year suspension of the State Grocery Tax through Public Act 102-0700. The State normally taxed groceries at a rate of 1%, distributing the revenue collected to counties and municipalities.²³ Importantly, this suspension did not include local taxes on groceries through the Regional Transportation Authority (RTA)²⁴ nor did it affect the 1% tax on prescription and non-prescription drugs.²⁵ The suspension was effective July 1, 2022, and expired on June 30, 2023. This temporary suspension preceded the permanent elimination of the State grocery tax effective January 1, 2026, discussed below.
- Effective January 1, 2026, the State of Illinois permanently eliminated its 1.0% tax on food for human consumption purchased for off-premises consumption (groceries) pursuant to Public Act 103-0781. Unlike the temporary suspension in FY2023, this elimination is permanent. It does not affect the RTA portion of the grocery tax, which continues to apply in Chicago. The State's 1.0% tax on drugs and medical appliances was also not affected and continues to apply.²⁶ The City of Chicago did not enact a local replacement grocery tax, resulting in a reduction of the composite rate on food from 2.25% to 1.25%. The composite rate on drugs, medical appliances, and medical cannabis remains 2.25%.¹⁹

Ordinances and Statutes:

Illinois Legislative Research Unit 2017 Tax Handbook for Legislators, pp. 113-114 and 118
State of Illinois, Public Act 99-0855
State of Illinois, Public Act 103-0781
Code of Ordinances of Cook County, Illinois, Chapter 74, Article IV, Section 74-153
City of Chicago Municipal Code, Chapter 3-40-10

²³ For qualifying items, see

<https://tax.illinois.gov/content/dam/soi/en/web/tax/research/publications/documents/pios/pio-115.pdf>

²⁴ Press Release, *Gov. Pritzker Signs Historic Budget Delivering \$1.8 billion in Tax Relief for Families*, April 19, 2022.

²⁵ Illinois Department of Revenue, "Illinois Grocery Tax Suspension Information," available at <https://tax.illinois.gov/content/dam/soi/en/web/tax/research/publications/documents/pios/pio-115.pdf>.

²⁶ Illinois Department of Revenue, "FY 2026-03," October 2025. <https://tax.illinois.gov/research/publications/bulletins/fy-2026-03.html>.

Restaurant Tax

The restaurant tax is imposed on the selling price of all food and beverages sold at retail by a place for eating. The restaurant tax is charged in addition to the 10.25% sales tax on general merchandise, which applies to prepared food purchases. The City of Chicago imposes a 0.50% restaurant tax that applies to the entire area of the City, and the Metropolitan Pier and Exposition Authority (MPEA) imposes a restaurant tax of 1.0% within a designated geographic area including downtown and surrounding area bordered by the Stevenson Expressway (south boundary), Diversey Parkway (north boundary), Ashland Avenue (west boundary) and Lake Michigan (east boundary) as well as at O'Hare and Midway Airports.

The composite restaurant tax within the MPEA area in Chicago is 11.75%, and outside of the MPEA area is 10.75%. The following table shows the total tax rate levied on prepared foods, including the sales tax and restaurant tax.

Taxes on Prepared Food As of January 1, 2026		
	Chicago MPEA ¹	Chicago - not MPEA
State Sales	5.00%	5.00%
Municipal Sales²	1.00%	1.00%
Cook County Sales (to RTA)³	0.25%	0.25%
Cook County Home Rule Sales	1.75%	1.75%
RTA Sales	1.00%	1.00%
City of Chicago Home Rule Sales	1.25%	1.25%
MPEA Restaurant	1.00%	0.00%
Chicago Restaurant	0.50%	0.50%
Composite Rate	11.75%	10.75%

¹ The MPEA area consists of the area bordered by the Stevenson Expressway (south), Ashland Avenue (west), Diversey Parkway (north), Lake Michigan (east), and O'Hare Airport and Midway Airport.

² This rate also applies to Cook County unincorporated areas.

³ In Cook County only, the County's non-home rule portion of sales tax is allocated to the RTA. Source: Source: Illinois Department of Revenue, Tax Rate Finder, available at https://mytax.illinois.gov/_/#1; and City of Chicago 2020 Revenue Ordinance 2019-8527.

Brief History of Restaurant Tax Changes

Changes that have impacted the composite restaurant tax rates include:

- MPEA restaurant tax imposed October 1, 1992;
- Chicago restaurant tax imposed April 1, 2004;
- Chicago home rule sales tax increase of 0.25%, effective July 1, 2005;

- RTA sales tax increase of 0.25%, effective April 1, 2008;
- Cook County home rule sales tax increase of 1.0%, from 0.75% to 1.75%, effective July 1, 2008;
- Cook County home rule sales tax decrease of 0.50%, to 1.25%, effective July 1, 2010;
- Cook County home rule sales tax decrease of 0.25%, to 1.0%, effective January 1, 2012;
- Cook County home rule sales tax decrease of 0.25%, to 0.75%, effective January 1, 2013;
- Cook County home rule sales tax increase of 1.0%, from 0.75% to 1.75%, effective January 1, 2016; and
- Chicago restaurant tax increase of 0.25%, from 0.25% to 0.50%, effective January 1, 2020.

Ordinances and Statutes:

65 ILCS 5/8-11-6a

70 ILCS 210/13b

City of Chicago Municipal Code, Chapter 3-30-030

Code of Ordinances of Cook County, Illinois, Article IV, Section 74-151

TOBACCO TAXES

Cigarette Tax

Cigarette packs typically have 20 cigarettes. State and local laws specify tax per cigarette, but “per pack” is used here for simplicity. The total composite tax per pack of 20 cigarettes in the City of Chicago is currently \$8.17.

**City of Chicago Composite Cigarette Tax
as of January 1, 2026**

Government Level	Tax per 20-pack
State of Illinois	\$2.98
City of Chicago	\$1.18
Cook County	\$3.00
Federal	\$1.01
Total	\$8.17

Source: The Commission on Government Forecasting and Accountability Research Unit, Illinois Tax Handbook for Legislators, 39th Edition, April 2023, pp. 20-22; and 35 ILCS 130/2.

These rates have been in effect since the following changes took place:

- The federal tax on cigarettes last increased on April 1, 2009, by \$0.62 to \$1.0066 per pack.

- As part of the FY2013 budget, Cook County increased its tax on cigarettes from \$2.00 per pack to \$3.00 per pack, effective March 1, 2013.
- As part of the FY2014 budget approval process, the City of Chicago increased its tax on cigarettes from \$0.68 per pack to \$1.18 per pack, effective January 10, 2014.
- Effective July 1, 2019, the State of Illinois increased its cigarette tax from \$1.98 per pack of 20 cigarettes to \$2.98. The State’s tax on little cigars is the same as cigarettes (\$0.149 per cigarette or \$2.98 per pack).

Cigarettes are also subject to the sales tax on general merchandise.

Ordinances and Statutes:
26 USC Sec. 5701
35 ILCS 130/1, 35 ILCS 130/2 and 35 ILCS 135/1ff
Code of Ordinances of Cook County, Illinois, Chapter 74, Article XI
City of Chicago Municipal Code, Chapter 3-42

Other Tobacco Products Taxes

Federal, state, and local governments also tax other products, such as tobacco, smokeless tobacco, cigars, and electronic cigarettes (liquid nicotine), and other nicotine products. The composite rates are shown in the following table and discussed further below. Other tobacco products are also subject to the sales tax on general merchandise.

City of Chicago Composite Taxes on Other Tobacco Products as of January 1, 2026					
Government Level	Smoking tobacco (per ounce)	Smokeless tobacco (per ounce)	Little cigar (per unit)	Large cigar (per unit)	E-Cigarettes (Liquid Nicotine)
Federal	\$0.17	\$0.03 to \$0.09	\$0.05	52.75% of sales price	--
State	45% of wholesale price	45% of wholesale price	\$0.149 per unit	45% of wholesale price	45% of wholesale price
Cook County	\$0.60	\$0.60	\$0.05	\$0.30	\$0.20 per milliliter
City of Chicago	--	--	--	--	\$1.20 per milliliter; \$1.50 per unit
Total	45.00% + \$0.77	45.00% + \$0.630-\$0.69	\$0.249	97.75% + \$0.30	45% + \$1.40 per milliliter + \$1.50 per unit

Source: Commission on Government Forecasting and Accountability Research Unit, Illinois Tax Handbook for Legislators, 39th Edition, April 2023, pp. 23-25; Illinois Department of Revenue, "FY 2025-31, Tobacco Products Tax Rate Changes Effective July 1, 2025," available at <https://tax.illinois.gov/research/publications/bulletins/fy-2025-31.html>; City of Chicago Municipal Code Chapter 3-47-030; and 35 ILCS 143/10-10.

The federal government taxes other tobacco products at varying rates: Smoking tobacco is taxed at a rate of \$0.17 per ounce, and smokeless tobacco at rates ranging from \$0.03 to \$0.09 per ounce, depending on the type of smokeless tobacco. Roll-your-own tobacco is taxed at a rate of \$1.55 per ounce (\$24.78 per pound). Large cigars are taxed by the federal government at 52.75% of the sale price, up to approximately \$0.40 per cigar.

The State of Illinois imposes a 45% tax on the wholesale price for non-cigarette tobacco products. These include a wide range of products, including cigars, smoking tobacco, snuff, chewing tobacco, and nicotine pouches. Prior to July 1, 2025, the State taxed smoking tobacco and large cigars at 36% of the wholesale price, and smokeless tobacco at a flat rate of \$0.30 per ounce. Effective July 1, 2025, as part of the State's FY2026 budget enacted through Public Act 104-0006, the State increased its tax rate on smoking tobacco, smokeless tobacco, and large cigars to 45% of the wholesale price.²⁷ In addition to the rate increase, the method of taxation for smokeless tobacco changed: previously taxed at a flat per-ounce rate, smokeless tobacco is now taxed as a percentage of the wholesale price, consistent with other non-cigarette tobacco products. Little cigars are taxed at the State's regular cigarette tax rate of \$2.98 per pack and are not affected by this change.

Cook County's taxes on tobacco products include \$0.60 per ounce of smoking tobacco and smokeless tobacco, \$0.05 per little cigar, and \$0.30 per large cigar. These rates have been in effect since January 1, 2013.

The City of Chicago does not currently impose any taxes on other tobacco products other than e-cigarettes. Although the City adopted a tax on other tobacco products in 2016, this was ultimately struck down by the Illinois Supreme Court. The ordinance would have instituted taxes of \$1.80 per ounce on smoking tobacco and smokeless tobacco, \$0.20 per cigar for both little and large cigars, and \$0.60 per ounce of pipe tobacco. The tax was never implemented, however, due to litigation challenging the City's authority to impose it. In 2019, the Illinois Supreme Court ultimately struck down the tax, ruling that state law prohibits home rule municipalities from imposing taxes on cigarettes or other tobacco products unless those taxes were already in effect before July 1, 1993. Because Chicago had a cigarette tax in place before that date but not a tax on other tobacco products, the City was barred from imposing the new taxes.

Electronic Cigarette (Liquid Nicotine) Products

E-cigarettes are taxed at the State, county, and municipal levels in Chicago. The federal government does not tax e-cigarettes. The City of Chicago and Cook County both began imposing a tax on electronic cigarettes in 2016. Cook County's tax rate on electronic cigarettes is \$0.20 per milliliter of fluid, effective since May 1, 2016. Chicago's tax rate is \$1.50 per product unit and \$1.20 per milliliter of fluid, effective since September 20, 2018. The State of Illinois began taxing liquid nicotine products effective July 1, 2019, at a rate of 15% of the wholesale price. That rate has since increased, effective July 1, 2025, to 45% of the wholesale price as part of Public Act 104-0006.²⁷

²⁷ Illinois Department of Revenue, "FY 2025-31, Tobacco Products Tax Rate Changes Effective July 1, 2025." <https://tax.illinois.gov/research/publications/bulletins/fy-2025-31.html>; Public Act 104-0006 (Ill. 2025)

CANNABIS TAXES

The State of Illinois' pilot medical cannabis program went into effect on January 1, 2014, and was expanded and made permanent in 2019 via Public Act 101-0363. Also in 2019, the Illinois State Legislature passed, and Governor Pritzker signed Public Act 101-0027, legalizing adult use recreational cannabis for adults over 21 years of age as of January 1, 2020, and implementing a regulatory and taxation regime.²⁸ The section below details the taxes on consumers for medical and adult-use cannabis. There are additional taxes on the cultivation of both medical and adult-use cannabis, which are paid by the grower, though they may be passed on to the purchaser.

Medical Cannabis Taxes

Medical cannabis is subject to the reduced sales tax rate on drugs and medical appliances at a composite rate of 2.25% in Chicago, consisting of the 1.0% State tax on drugs and medical appliances and 1.25% to the Regional Transportation Authority. The composite rate on medical cannabis is unaffected by the elimination of the State grocery tax effective January 1, 2026, as medical cannabis is classified as a drug and medical product rather than a grocery item. See the Sales Tax on Food and Drugs section above for additional details. Additionally, medical cannabis is subject to the cultivation privilege tax at a rate of 7.0% of the sales price per ounce, though it is not directly paid by the consumer.

Medical cannabis patients must apply for a registration card, which is subject to an application fee of \$25-125, depending on the number of years the card is valid and whether the patient qualifies for a reduced application fee.²⁹

Adult-Use Recreational Cannabis Taxes

Adult-use recreational cannabis is subject to excise taxation, as well as the retailers' occupation tax (sales tax) and a special local cannabis retailers' occupation tax (cannabis sales tax). The excise tax is based upon the adjusted- delta-9-tetrahydrocannabinol (THC) level and whether the product is flower or an infusion. THC is the main psychoactive compound in cannabis. Adult-use cannabis is also subject to the cultivation privilege tax at a rate of 7.0% of the gross receipts from the first sale by a cultivator or craft grower to a dispensing organization.

Cannabis Purchaser Excise Tax

The cannabis purchaser excise tax is a tax imposed by the State of Illinois on purchasers for the privilege of using cannabis, cannabis concentrate, and cannabis-infused products. Cannabis dispensaries must collect and remit excise tax on all retail sales of adult-use cannabis pursuant to the Cannabis Regulation and Tax Act (410 ILCS 705/65-1 et seq.).

²⁸ A trailer bill, Public Act 101-0593, was signed into law on December 4, 2019. Another bill, Public Act 101-0363, also made changes to the original adult use cannabis legislation.

²⁹ Persons who are receiving Social Security Disability Income (SSDI) or Supplemental Security Income (SSI), veterans, certain public pensioners on disability and patients age 65 or older may be eligible for a reduced application fee, according to the Illinois Department of Public Health. See <https://dph.illinois.gov/topics-services/prevention-wellness/medical-cannabis/mcpp-registry-card-application-fees.html>.

The tax is imposed at the following rates:

- 10% of taxable receipts from the sale of adult-use cannabis, other than cannabis-infused products, sold with an adjusted level of THC of 35% or less;
- 25% of taxable receipts from the sale of adult-use cannabis, other than cannabis-infused products, sold with an adjusted level of THC greater than 35%; and
- 20% of taxable receipts from the sale of adult-use cannabis-infused products.

State and Local Cannabis Retailers' Occupation Tax

Adult-use recreational cannabis is subject to state and local sales taxes, which in the City of Chicago is a composite sales tax of 10.25%.

A municipality may additionally, by ordinance, impose a cannabis retailer's occupation tax (hereafter called cannabis sales tax) in 0.25% increments and up to a limit of 3.0% on adult-use cannabis gross receipts pursuant to the Municipal Cannabis Retailers' Occupation Tax Law. A county may, by ordinance, impose a retailers' occupation tax in 0.25% increments pursuant to the County Cannabis Retailers' Occupation Tax Law. For sales made in unincorporated areas, the county rate may not exceed 3.75%. For sales made in a municipality, the county rate may not exceed 3.0%.

The City of Chicago imposes a 3% cannabis sales tax on gross receipts from the sales of adult-use cannabis.³⁰ Cook County also imposes a 3% tax on gross receipts from the sales of adult-use cannabis at any location in Cook County.³¹ Collection of the county and municipal cannabis sales taxes began on July 1, 2020, and is applied in addition to the general merchandise sales tax and the state cannabis excise tax.³²

The highest possible composite rate for adult use cannabis sales in the City of Chicago is now 41.25%, which includes the 25% State cannabis excise tax for cannabis with an adjusted-THC level above 35%, the 3.0% City of Chicago cannabis retailers' occupation tax, the 3.0% Cook County cannabis retailers' occupation tax and the City of Chicago's 10.25% retailers' occupation tax (general sales tax).

The following table includes a summary of all the taxes applied to recreational adult-use cannabis.

³⁰ Chicago City Council Ordinance 2019-8527, FY2020 Revenue Ordinance, adopted November 26, 2019.

³¹ Cook County Ordinance 20-0658, the "Cook County Cannabis Retailers' Occupation Tax Ordinance," adopted January 16, 2020.

³² Public Act 101-0593. See also Illinois Department of Revenue, *Informational Bulletin*, FY 2020-16, December 2019, "Municipalities and Counties may impose a local Cannabis Retailers' Occupation Tax beginning July 1, 2020."

<https://tax.illinois.gov/content/dam/soi/en/web/tax/research/publications/bulletins/documents/2020/fy2020-16.pdf>

Tax Rates on Recreational Cannabis in Chicago*

	Cultivation Privilege Tax	Cannabis Excise Tax	General Sales Tax**	Cannabis Sales Tax (Cannabis Retailers' Occupation Tax)***
State	7% of the gross receipts from the sale of cannabis by a cultivator or a craft grower to a dispensing organization	10% — cannabis with a THC level at or below 35% 20% — all cannabis infused products 25% — cannabis with a THC level above 35%	State general sales tax of 6.25% applies to cannabis sales	N/A
Chicago	N/A	N/A	Municipal general sales taxes at varying rates apply to cannabis sales	3% of gross receipts
Cook County	N/A	N/A	Home rule county general sales tax of 1.75% applies	3% of gross receipts

*Rates do not apply to medical cannabis.

**All state and local general sales taxes apply to cannabis purchases, including RTA sales taxes in Cook County.

***Cannabis Retailers' Occupation Tax is an additional local sales tax on all persons engaged in the business of selling adult use cannabis at retail in a municipality or county.

Source: Illinois Department of Revenue, *Cannabis Taxes*, available at <https://tax.illinois.gov/research/taxinformation/other/cannabis-taxes.html>

Ordinances and Statutes:

410 ILCS 705

65 ILCS 5/8-11-23

55 ILCS 5/5-1006.8

City of Chicago Municipal Code, Chapter 3-51

BEVERAGE TAXES

Liquor Tax

Liquor tax is applied to the making or distribution of alcoholic beverages in Illinois and is passed on to consumers. Liquor is taxed at all levels of government—federal, state, and local—and there are different rates for beer, wine, and distilled liquor. The sale of liquor is also subject to the sales tax on general merchandise.

Effective March 1, 2026, the City of Chicago changed the structure of its home rule liquor tax for off-premises sales (e.g., grocery and liquor stores). The City's previous per-gallon rates on beer, wine, and distilled liquor, which applied to all sales regardless of where the alcohol was consumed, were replaced with a flat 1.5% of the retail purchase price for alcoholic beverages sold for off-premises consumption. This change was enacted as part of the City of Chicago's 2026 Revenue Ordinance, approved by the City Council on December 19, 2025, with an original effective date of January 1, 2026 that was delayed two months to allow retailers time to update

point-of-sale systems.^{33, 34} The per-gallon rates continue to apply for on-premises sales at bars, restaurants, and other venues licensed for alcohol consumption on the premises, where distributors continue to collect and remit the tax. The 1.5% tax also applies to direct-to-consumer sellers shipping alcoholic beverages to Chicago addresses.

The City of Chicago taxes alcohol sold for on-premises consumption at the following per-gallon rates: \$0.29 for beer and cider; \$0.36 for wine or other alcoholic beverages containing up to 14% alcohol by volume; \$0.89 for wine or other alcoholic beverages containing more than 14% and up to 20% alcohol by volume; and \$2.68 for liquor containing more than 20% alcohol by volume.

Federal liquor taxes vary by volume produced and alcohol type. Effective January 1, 2018, the Craft Beverage Modernization Act, as part of the U.S. Jobs and Tax Cuts Act of 2017 (Public Law 115-97), reduced the tax rates and created tax credits for smaller distributors.³⁵ These changes were made permanent on December 27, 2020, with the Taxpayer Certainty and Disaster Tax Act of 2020.

The federal tax on distilled spirits is \$13.50 per proof gallon,³⁶ with lower rates for smaller removals and production volumes: \$2.70 for the first 100,000 gallons per year and \$13.34 for over 100,000 and up to 22.23 million gallons per year. Because the federal liquor tax rate is based on the proof of the alcohol (percent alcohol content) rather than general volume, the rate varies for different alcohol proofs. For example, the federal tax on an 80-proof 750 ml bottle would be \$2.14 ($\13.50×0.8 proof gallons \times 750 ml (0.198 gallons)).

The federal tax on beer is \$0.516 per gallon (\$16 per barrel) for the first 6 million barrels produced per year and \$0.581 per gallon for all remaining barrels. For brewers that produce two million barrels or less per year, there is a reduced rate of \$0.113 per gallon for the first 60,000 barrels produced.

The federal tax rates on wine vary by type and alcohol content, from \$1.07 per gallon of still wine containing 16% or less of alcohol to \$3.40 per gallon of sparkling wine. Lower rates apply for smaller amounts of wine removed or imported.³⁷ The federal tax on hard cider is \$0.226 per gallon, with lower rates for smaller production amounts.

³³ City of Chicago Department of Finance, "Liquor Tax Changes Effective March 1, 2026," January 2026, available at https://www.chicago.gov/city/en/depts/fin/provdrs/tax_division/news/2026/january/LiquorTaxChangesEffectiveMarch12026.html.

³⁴ City of Chicago 2026 Revenue Ordinance, adopted December 19, 2025.

³⁵ U.S. Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau, Current Tax Rates at <https://www.ttb.gov/tax-audit/tax-and-fee-rates>.

³⁶ A proof gallon is one liquid gallon of spirits that is 50% alcohol (100-proof). An 80-proof gallon of distilled spirits would be 0.8 proof gallons.

³⁷ Tax credits are available in the following amounts of wine produced: \$1.00 credit for the first 30,000 gallons; \$0.90 for over 30,000 and up to 130,000 gallons; and \$0.535 for over 130,000 and up to 750,000 gallons.

The State of Illinois taxes alcohol at the following rates per gallon (effective since September 1, 2009):

- \$0.231 for beer and cider;
- \$1.39 for wine; and
- \$8.55 for distilled liquor.

Cook County taxes alcohol at the following rates per gallon (effective since January 2, 2012):

- \$0.09 for beer and cider;
- \$0.24 for wine or other alcoholic beverages containing up to 14% alcohol by volume;
- \$0.45 for wine or other alcoholic beverages containing more than 14% and up to 20% alcohol by volume; and
- \$2.50 for alcoholic beverages containing more than 20% alcohol by volume (i.e., distilled liquor).

The composite rates for alcohol sold for on-premises and off-premises consumption are shown in the table below.

Liquor Taxes (per gallon)¹ as of March 1, 2026					
	Federal	State	Cook County Home Rule	Chicago Home Rule	TOTAL
Alcohol Consumed On-Premises (E.g., Bars, Restaurants)					
Beer	0.581 ²	\$0.231	\$0.09	\$0.29	\$1.19
Cider	\$0.23	\$0.231	\$0.09	\$0.29	\$0.84
Wine (typical table wine) ³	\$1.07	\$1.39	\$0.24	\$0.36	\$3.06
Higher Alcohol Wine ⁴	\$1.57 to \$3.40	\$1.39	\$0.45	\$0.89	\$4.30 to \$6.13
Distilled Liquor	\$13.50 ⁵	\$8.55	\$2.50	\$2.68	\$27.23
Alcohol Consumed Off-Premises (E.g., Grocery Stores, Liquor Stores)					
Beer	\$0.58	\$0.231	\$0.09	1.5%	\$0.90 + 1.5%
Cider	\$0.23	\$0.231	\$0.09	1.5%	\$0.55 + 1.5%
Wine (typical table wine) ³	\$1.07	\$1.39	\$0.24	1.5%	\$2.70 + 1.5%
Higher Alcohol Wine ⁴	\$1.57 to \$3.40	\$1.39	\$0.45	1.5%	\$3.41 to \$5.24 + 1.5%
Distilled Liquor	\$13.50 ⁵	\$8.55	\$2.50	1.5%	\$24.55 + 1.5%

Notes:

1. Most of the taxes on alcohol are a flat rate per gallon, with the exception of Chicago's tax on alcohol sold for off-premises consumption, which is a percentage-based tax of 1.5% of the retail price.
2. This rate is for producers that produce at least 6 million barrels per year. The federal government taxes beer at \$0.516 per gallon for the first 6 million barrels produced.
3. Reflects the City of Chicago and Cook County taxes on wine with up to 14% alcohol content and the federal government's tax on wine with up to 16% alcohol content.
4. Wine rates vary by alcohol content. The federal government taxes still wine between 16-21% ABV at \$1.57 per gallon; still wine between 21-24% ABV at \$3.15 per gallon; and sparkling wine \$3.40 per gallon.
5. The federal government taxes distilled liquor based on alcohol proof rather than volume at a rate of \$13.50 per 100-proof gallon of liquor.

Ordinances and Statutes:

26 USC Sec. 5001, 5041 and 5051

United States Public Law 115-97

235 ILCS 5/8-1ff

Code of Ordinances of Cook County, Illinois, Chapter 74, Article IX

City of Chicago Municipal Code, Chapter 3-44

City of Chicago 2026 Revenue Ordinance, adopted December 19, 2025

Fountain Soft Drink Syrup Tax

The City of Chicago imposes a tax of 9.0% of the syrup price on businesses that sell soft drink syrup to retailers located in Chicago or retailers that sell fountain soft drinks in the City of Chicago, where the tax was not remitted to the distributor. The soft drink syrup supplier is responsible for collecting the tax by adding it to the selling price of the soft drink syrup.

Ordinances and Statutes:

65 ILCS 5/8-11-6b(c)

City of Chicago Municipal Code, Chapter 3-45, Article III

Soft Drink Tax

The City of Chicago also collects a 3.0% tax on gross receipts from sellers of soft drinks other than fountain drinks, which are taxed separately. This applies to non-alcoholic beverages that contain natural or artificial sweeteners and less than 50.0% juice, including sales from vending machines. The State collects this revenue and distributes it to Chicago. Soft drink purchases are also subject to the sales tax on general merchandise.

Ordinances and Statutes:

35 ILCS 120/2-10 and 65 ILCS 5/8-11-6b(b)

City of Chicago Municipal Code, Chapter 3-45, Article II

Bottled Water Tax

The City of Chicago approved a tax on bottled water on November 13, 2007, with approval of the FY2008 City budget. It is a tax of five cents on any size bottle of water sold in the City of Chicago. The sale of bottled water is also subject to the reduced sales tax on food and drugs.

Ordinances and Statutes:

City of Chicago Municipal Code, Chapter 3-43

UTILITY TAXES

Electricity Infrastructure Maintenance Fee (per kilowatt hour)

The City of Chicago imposes a fee on electricity deliverers as compensation for using public rights of way in the City of Chicago, which is passed on to consumers. It is charged on a monthly basis per kilowatt-hour (kWh) of electricity usage, beginning at a rate of \$0.0053 for the first 2,000 kWh and adding additional rates for additional electricity usage at a diminishing rate. For example, the fee for using the next 48,000 kWh after the base 2,000 kWh is \$0.0035, followed by \$0.0031 for the next 50,000 kWh, and so on. For electricity usage in any amount over 20 million kWh, the rate is \$0.0026 per kWh.

Ordinances and Statutes:

35 ILCS 645/5-5

City of Chicago Municipal Code, Chapter 3-54

Electricity Use Tax (per kilowatt hour)

This tax applies to electricity usage per kilowatt hour (kWh) per month and is reflected on electric bills. The tax rates vary based on usage for residential customers (non-residential customers pay as a percentage of the purchase price). As with the electricity infrastructure maintenance fee, this tax is applied using a range based on monthly kilowatt hours of usage. Both the State of Illinois and the City of Chicago charge an electricity use tax.

The City of Chicago charges a base rate for the first 2,000 kWh used of \$0.0061 per kWh, with additional rates added for additional electricity usage at a diminishing rate. For the next 48,000 kWh used, the rate is \$0.0040. For the next 50,000 kWh used, the rate is \$0.0036, and so on. The rate for any amount over 20 million kWh is \$0.0030 per kWh.

The State of Illinois base rate for the first 2,000 kWh used is \$0.0033 per kWh. Additional rates apply at a diminishing rate for additional electricity usage. For the next 48,000 kWh used, the rate is \$0.00319. For the next 50,000 kWh used, the rate is \$0.00303, and so on. The rate for any amount over 20 million kWh is \$0.00202 per kWh.

The composite State and City of Chicago tax is a base rate of \$0.0094 per kWh for the first 2,000 kWh used, with additional rates applied at a diminishing rate for additional electricity usage. The composite rate for any amount over 20 million kilowatt hours used is \$0.00502 per kWh.

Ordinances and Statutes:

35 ILCS 640/2-4 and 220 ILCS 5/9-222

65 ILCS 5/8-11-2(3)

City of Chicago Municipal Code, Chapter 3-53

Natural Gas Utility Tax

The State of Illinois imposes a tax on companies distributing natural gas in Illinois, which is passed on to customers in their gas bills. The State rate for the natural gas tax (referred to as the State's Gas Revenue Tax) is the lesser of \$0.024 per therm of gas sold to each customer or 5.0% of gross revenue from each customer.

The City of Chicago charges a natural gas tax at a rate of 8.0% of gross receipts.

Ordinances and Statutes:

35 ILCS 615/2 and 220 ILCS 5/9-222

65 ILCS 5/8-11-2

City of Chicago Municipal Code, Chapter 3-40, Article II

Gas Use Tax

The State of Illinois also charges a natural gas use tax for natural gas purchased out of state for use in Illinois at the same rate as the natural gas utility tax: either \$0.024 per therm of gas sold to each customer or 5.0% of gross revenue from each customer, whichever is less.

The City of Chicago also charges a gas use tax at a rate of \$0.063 per therm for natural gas purchases not subject to the natural gas utility tax. Utility companies are responsible for collecting the tax from customers and remitting the tax to the City.

Ordinances and Statutes:

35 ILCS 173/5

City of Chicago Municipal Code, Chapter 3-41

Water and Sewer Tax

The City of Chicago began charging a new tax on water consumption and the transfer of wastewater to the sewer system, effective March 2017, in addition to the regular water-sewer rate charged on Chicago residents' utility bills. The tax was phased in over a four-year period, beginning at a rate of \$0.59 per 1,000 gallons of water-sewer usage in 2017, \$1.28 per 1,000 gallons in 2018, \$2.01 per 1,000 gallons in 2019, and \$2.51 per 1,000 gallons in 2020 and thereafter. Revenue from the water and sewer tax is used to fund the City of Chicago's municipal employees' pension fund.

Ordinances and Statutes:

City of Chicago Municipal Code, Chapter 3-80

ACCOMMODATIONS TAXES

Hotel Operators' Tax

The total composite hotel operators' tax (also referred to as the hotel accommodations tax) in Chicago is 17.39%. The hotel tax rate is expressed as an effective rate because three taxing authorities tax hotel operators' gross receipts (which include hotel charges and tax receipts), while three taxing authorities tax net receipts (not including taxes). The hotel taxes for the State of Illinois, the City of Chicago through its municipal taxing authority, and the Illinois Sports Facilities Authority are all taxes on gross receipts. Hotel taxes for Cook County, the Metropolitan Pier and Exposition Authority (MPEA), and the City of Chicago through its home rule taxing authority are applied to net receipts, or base charges paid by guests. In order to compensate for this structure and not double tax, the rates are expressed as a fraction of total receipts, excluding the receipts collected from the Cook County tax, the Metropolitan Pier and Exposition Authority tax, and the City of Chicago home rule hotel tax. These rate calculations are shown in the table below.

Hotel Operators' Tax in Chicago: Effective Rates 2026			
State	$(6\% \text{ of } 94\%) \times (1\% \text{ Municipal} + 2\% \text{ ISFA}) + 6\%$	=	6.17%
City (Municipal)	$(1\% \text{ of } 99\%) \times (6\% \text{ State} + 2\% \text{ ISFA}) + 1\%$	=	1.08%
ISFA	$(2\% \text{ of } 98\%) \times (6\% \text{ State} + 1\% \text{ Municipal}) + 2\%$	=	2.14%
Cook County			1.00%
MPEA			2.50%
City (Home Rule)			4.50%
Total			17.39%

Source: Commission on Government Forecasting and Accountability, Research Unit, Illinois Tax Handbook for Legislators, 39th Edition, April 2023, pp. 56-57; and calculations made by the Civic Federation.

The hotel operators' tax is the only tax available to the Illinois Sports Facilities Authority. The City of Chicago tax also applies to online hotel reservations. As part of the FY2008 City of Chicago budget, the City Council amended the law to clarify that it applies to online sales, effective November 13, 2007. Permanent residents of a lodging place are exempt from the tax.

The City of Chicago's home rule hotel operators' tax rate increased from 3.50% to 4.50%, effective January 1, 2012. Cook County began charging a 1.0% hotel operations tax on gross hotel charges (net receipts) on May 1, 2016.

Ordinances and Statutes:

35 ILCS 145/3

65 ILCS 5/8-3-13

70 ILCS 3205/19

70 ILCS 210/13(c)

City of Chicago Municipal Code, Chapters 3-24 and 3-40, Article VII

Code of Ordinances of Cook County, Illinois, Chapter 74, Article XXI

Home Sharing Tax

The City of Chicago imposes a 6.0% tax on the gross rental charge of vacation rentals or shared housing units. The home-sharing tax includes a 4.0% tax, approved on June 22, 2016, to fund supportive services and housing for the homeless, and an additional 2.0% surcharge to fund housing and related supportive services for victims of domestic violence, approved by the City Council on July 25, 2018. The 6.0% home sharing tax rate has been in effect since December 1, 2018.³⁸

The home sharing rates are applied on top of the City of Chicago's composite hotel tax of 17.39%, which means that home sharing is charged a total tax rate of 23.39%.

The home-sharing tax does not apply to bed and breakfasts, hospitals, non-profit medical institutions, or rental accommodations that are considered to be the permanent residence of the occupant.

Ordinances and Statutes:

City of Chicago Municipal Code, Chapter 3-24-030

TRANSPORTATION-RELATED TAXES

Motor Fuel Tax

A tax on motor fuel (gas tax) is included in the retail price of diesel, gasoline, and special fuel.³⁹ The composite tax for gasoline in Chicago is \$0.81 per gallon and \$0.94 per gallon of diesel. This includes rates imposed by the federal government, the State of Illinois, Cook County, and the City of Chicago. The motor fuel tax is charged in addition to the general sales tax.

The Federal tax on motor fuel is \$0.184 per gallon of gasoline and \$0.244 per gallon of diesel fuel.

³⁸ City of Chicago Rulings and Procedures: "New Vacation Rental and Shared Housing Surcharge Effective December 1, 2018."

³⁹ Aircraft fuel is exempt from the motor fuel tax, with the exception of the City of Chicago's \$0.05 Vehicle Fuel Tax that applies to the sale of aircraft fuel.

The State of Illinois' tax on motor fuel as of January 1, 2026, is \$0.483 per gallon of gasoline and \$0.558 per gallon of diesel fuel. The State tax on motor fuel increased from \$0.19 to \$0.38 per gallon of gasoline and from \$0.215 to \$0.455 per gallon of diesel fuel effective July 1, 2019. Since that time, per changes made in 2019 via Public Act 101-0032, the State tax on motor and diesel fuel increases automatically on July 1 of each year by the percentage increase of the Consumer Price Index based on 12-month data from the United States Department of Labor ending each March. One exception was a six-month delay in the annual increase on the State's motor fuel tax that would have gone into effect July 1, 2022. The State of Illinois' Enacted FY2023 Budget legislation delayed the automatic increase to January 1, 2023, and changed the amount of the increase to the Consumer Price Index increase in the 12 months ending in September 2022.⁴⁰ The State then resumed the normal scheduled CPI increases. Effective July 1, 2025, through June 30, 2026, the State motor fuel tax is \$0.483 per gallon of gasoline and \$0.558 per gallon of diesel fuel.¹ Additionally, the State of Illinois imposes a tax of \$0.003 per gallon for the Underground Storage Tank Fund and a \$0.008 per gallon environmental impact fee, which are not included in the State's motor fuel tax rate.

Cook County's home rule gasoline and diesel fuel tax is \$0.06 per gallon. The City of Chicago's home rule tax on motor fuel, called the vehicle fuel tax, is \$0.08 per gallon for all vehicle fuel other than aviation fuel, which is taxed at the rate of \$0.05 per gallon.

Motor fuel is also subject to the sales tax on general merchandise. However, there are several point-of-sale exemptions from the general merchandise sales tax: the majority of blended ethanol is 100.0% exempt, and biodiesel blends over 10.0% bio-content are 100.0% exempt. Prior to 2019, biodiesel blends with between 1% and 10% biodiesel were exempt from sales and use taxes, but effective January 1, 2019, these biodiesel blends became subject to the Illinois sales tax.

This tax does not apply to any diesel fuel containing more than 10% of biodiesel or renewable diesel effective January 1, 2024, through March 31, 2026. Additionally, effective January 1, 2024, the imposed sales tax on gasohol is 90% of the proceeds of sales through December 31, 2028.

Ordinances and Statutes:

26 USC Sec. 4081 and 26 USC Sec. 4041

35 ILCS 105/3-10

35 ILCS 505/1 ff

35 ILCS 505/2a and b and 415 ILCS 125/301 ff

Code of Ordinances of Cook County, Illinois, Chapter 74, Article XII

City of Chicago Municipal Code, Chapter 3-52 and Ordinance 2020-5743 (2021 Revenue Ordinance)

⁴⁰ Public Act 102-700.

Vehicle Registration Tax

Wheel taxes, or vehicle registration taxes, are imposed at the municipal and state levels. Cook County previously imposed a wheel tax on vehicles registered in unincorporated areas of the county, but the wheel tax sunset on June 30, 2023.⁴¹

The City of Chicago's vehicle registration tax, more commonly referred to as the wheel tax or Chicago city sticker, applies to Chicago residents who drive, park, lease, and/or own a vehicle for which they are responsible and must purchase a Chicago City Vehicle Sticker annually. There are different rates for different sizes and types of vehicles, and the wheel tax increases every two years by the rate of inflation, capped at 5.0%. The Chicago wheel tax increased effective January 1, 2026, from \$100.17 to \$105.18 for small passenger vehicles and from \$159.12 to \$167.07 for large passenger vehicles.

The State of Illinois vehicle registration tax collected for each non-electric small passenger vehicle registration is \$148.00, effective since January 1, 2020, with the adoption of Public Act 101-0032 which increased the rate from \$98.00. In addition to the base registration fee, the State also imposes a \$1.00 surcharge deposited into the State Police Vehicle Fund and a \$2.00 surcharge deposited into the Park and Conservation Fund, bringing the total annual State registration cost for a non-electric small passenger vehicle to \$151.00. Owners of electric vehicles pay the same base registration fee as non-electric small passenger vehicles plus an additional \$100.00 per year in lieu of the payment of motor fuel taxes, for a total annual State registration cost of \$251.00.

The combined city and state vehicle registration tax is \$256.18 for non-electric standard size passenger vehicles and \$356.18 for electric vehicles.

Ordinances and Statutes:

*625 ILCS 5/2-119, 625 ILCS 5/3-801 to 5/3-834 and 625 ILCS 5/6-118
City of Chicago Municipal Code, Chapter 3-56*

Parking Garage and Lot Tax

This tax applies to businesses that operate parking lots, which must collect the tax from customers. The State of Illinois, City of Chicago, and Cook County all impose a percentage-based tax system.

Effective January 1, 2025, the City of Chicago charges a flat parking tax rate of 23.25% on all parking fees, regardless of duration or day of the week. This replaced the prior structure under which the City charged 20.0% on weekends and 22.0% on weekdays for daily parking, and 22.0% for weekly and monthly parking, effective since January 1, 2015. The City also requires

⁴¹ Cook County Ordinance #22-5295, the "Wheel Tax Elimination Ordinance," adopted September 22, 2022.

valet operators to pay a tax on all charges or fees received from their valet parking operations in the City, also now at the rate of 23.25%.⁴²

Cook County charges a tax of 6.0% of the parking fee paid for a period of 24 hours or less and 9.0% of the fee paid for weekly or monthly parking, effective September 1, 2013. These rates are unchanged.

Effective January 1, 2020, the State of Illinois imposes a parking excise tax at the rate of 6.0% of the purchase price for a parking space paid for on an hourly, daily, or weekly basis and 9.0% if paid on a monthly or annual basis. These rates are unchanged.

The composite parking rates are: 35.25% for hourly or daily parking, 38.25% for weekly parking, and 41.25% for monthly or yearly parking.

Ordinances and Statutes:

City of Chicago Municipal Code, Chapter 4-236-020

Code of Ordinances of Cook County, Illinois, Chapter 74, Article XIII

35 ILCS 525/10-10

New Motor Vehicle Tax

Cook County applies a tax to all sales of new motor vehicles in the County. Different rates apply per number of wheels:

- \$7.50 for a two-wheeled vehicle;
- \$11.25 for a three-wheeled vehicle;
- \$15.00 for a four-wheeled vehicle; and
- \$22.50 for a truck or trailer.

This tax is imposed in addition to all other applicable sales taxes.

Ordinances and Statutes:

Code of Ordinances of Cook County, Illinois, Chapter 74, Article VI

Tire Fee

The City of Chicago Tire Fee applies to the retail sale of new tires at a rate of \$1.00 per tire, effective since 2005. The State also levies a \$2.50 tax on all new or used tires, with exceptions including tires placed on vehicles that are generally not operated on highways (e.g., race cars, tractors, ATVs), tires sold by mail, tires sold while mounted on a vehicle, or reprocessed tires. These tire fees are charged in addition to the sales tax.

⁴² City of Chicago Department of Finance, "Tax Rate Changes as of January 2025," December 2024. https://www.chicago.gov/city/en/depts/fin/provdrs/tax_division/news/2024/december/ChicagoTaxRateChangesasofJanuary2025.html

Ordinances and Statutes:

415 ILCS 5/55.8

City of Chicago Municipal Code, Chapter 3-55

Automobile Rental Tax

The State of Illinois, City of Chicago, and the Metropolitan Pier and Exposition Authority (MPEA) each impose a tax on the rental of any automobile, van with a capacity of 7-16 passengers, or recreational vehicle for the privilege of using Illinois highways. The State of Illinois imposes a tax of 5.0% of the automobile rental charge. MPEA imposes a tax of 6.0%. The City of Chicago charges \$0.50 per rental period.

Effective January 1, 2026, the City of Chicago reduced its Motor Vehicle Lessor Tax from \$2.75 per rental period to \$0.50 per rental period as part of the City's 2026 Revenue Ordinance. The City continues to charge the 15.0% personal property lease transaction tax on automobile rentals in addition to the Motor Vehicle Lessor Tax.

It is the responsibility of the lessor to collect the tax, but the lessor can pass the tax to the customer by adding a separate charge to the transaction. The tax applies only to short-term rental agreements for periods up to one year. Rentals are tax-exempt for governments, charitable, religious, or educational organizations, non-profits that primarily provide recreation to persons over age 55, rentals where the lessor retains possession of the vehicle (e.g., limousine service), and rentals of demonstration cars by automobile dealers.

Ordinances and Statutes:

35 ILCS 155

65 ILCS 5/8-11-11

70 ILCS 210/13(d)(e)

City of Chicago Municipal Code, Chapter 3-32 and Chapter 3-48

Airport Departure Tax

This tax is imposed by the Metropolitan Pier and Exposition Authority on businesses providing ground transportation for hire to passengers departing from commercial service airports in Chicago (O'Hare and Midway) and is generally passed on to consumers. The tax rate is \$4.00 per taxi vehicle departure. For scheduled shuttle and bus services regulated by the Illinois Commerce Commission or former Interstate Commerce Commission that charge fares on a per-passenger basis, the tax is \$2.00 per passenger. For all other buses and vans, the tax is imposed per vehicle departure based on passenger capacity: \$18.00 for vehicles with capacity of 1-12 passengers; \$36.00 for 13-24 passengers; and \$54.00 for over 24 passengers. The current rates took effect September 1, 2010, when the MPEA doubled the prior rates.

Ordinances and Statutes:

70 ILCS 210/13(f)

Ground Transportation Taxes

The City of Chicago charges an occupation tax to businesses that provide ground transportation vehicles for hire in Chicago, including both taxicabs and transportation network providers (rideshare services such as Uber and Lyft).⁴³ Surcharges can be passed on to riders in the ride fare.

The City charges a monthly fee for licensed taxicabs of \$98.00 per vehicle per month and a daily \$3.50 fee for non-licensed or suburban taxicabs. The City also charges \$22.00 per month to taxicabs for the Wheelchair Accessible Vehicle Fund.

The City of Chicago instituted rideshare taxes in 2015, and has made several changes to the rideshare tax structure since then, including the addition of congestion-based fees. As of January 6, 2026, transportation network providers are currently charged a per-ride rate of \$1.13 per single ride and \$0.53 per shared ride citywide, regardless of the pick-up or drop-off location. Rides that begin or end within a designated downtown zone or newly defined congestion zones between 6 a.m. and 10 p.m. are charged an additional surcharge of \$1.50 for single rides and \$0.60 for shared rides.⁴⁴ Effective January 6, 2026, the City of Chicago expanded the congestion zone surcharge structure. For single rides, an additional surcharge of \$1.50 per ride applies seven days a week between 6 a.m. and 10 p.m. for rides that include a pickup or drop-off in a newly defined congestion zone. For shared rides, an additional surcharge of \$0.60 applies on weekdays between 6 a.m. and 10 p.m. for rides in those zones. For rides that include a pick-up or drop-off at O'Hare Airport, Midway Airport, McCormick Place, or Navy Pier, there is an additional \$5.00 charge. Additional charges include a \$0.10 fee for each ride performed by a non-handicap accessible vehicle and an administrative fee of \$0.02.

Other ground transportation taxes collected by the City of Chicago include \$3.50 per day for other ground transportation vehicles with a capacity of up to 10 passengers, \$6.00 per vehicle per day for vehicles with a capacity of 11-24 passengers, \$9.00 per day for vehicles with a capacity of more than 24 passengers, and \$1.00 per day for pedicabs.

Ordinances and Statutes:

*City of Chicago Municipal Code, Chapters 3-46, 9-112-150, 9-115-040 and 9-115-140
City of Chicago Ordinance 2020-5743, 2021 Revenue Ordinance*

⁴³ For the purposes of this report rideshare transportation vehicles are defined as those transportation drivers that utilize mobile applications provided by companies, such as Uber and Lyft to request transportation services. Non-rideshare transportation vehicles are defined as taxicabs that operate under a metered fare system.

⁴⁴ The designated downtown zone includes the Loop, the near north side (as far north as North Avenue), the West Loop, and the South Loop (as far south as Roosevelt Road). It does not include Navy Pier.

Boat Mooring Tax

Effective January 1, 2026, the City of Chicago increased its boat mooring tax rate from 7.0% to 23.25% of the docking or mooring fee as part of the City's 2026 Revenue Ordinance. A reduced rate of 7.0% continues to apply to not-for-profit corporations. The boat mooring tax applies to the docking or mooring of any watercraft for a fee within the City's corporate limits and has been in existence since January 1, 1984. Prior to January 1, 2026, the 7.0% rate had been in effect since January 1, 2003, when it replaced a prior rate of 25.0%. The individual charged a mooring or docking fee is responsible for paying the boat mooring tax to the marina or docking facility.

Ordinances and Statutes:

City of Chicago Municipal Code, Chapter 3-16

OTHER TAXES

Checkout Bag Tax

The City of Chicago charges a tax of \$0.15 for each paper or plastic bag sold or used in the City. The checkout bag tax first went into effect on February 1, 2017 at a charge of \$0.07 per paper or plastic bag. Effective January 1, 2025, as part of the City's 2025 Revenue Ordinance, the checkout bag tax rate increased from \$0.07 to \$0.10 per bag, with the City retaining \$0.08 and the retailer keeping \$0.02.⁴⁶ Subsequently, on January 1, 2026, as part of the City's 2026 Revenue Ordinance, the checkout bag tax rate increased from \$0.10 to \$0.15 per bag. Of the \$0.15 tax per checkout bag, the City receives \$0.14, and the retailer is eligible to keep the remaining \$0.01.

Ordinances and Statutes:

City of Chicago Municipal Code, Chapter 3-50

Telecommunications Tax and Emergency Telephone System Surcharge

The federal government, City of Chicago, and State of Illinois all impose a tax on telecommunications that applies to the act or privilege of originating or receiving telecommunications through transmission of phone, wire, computer exchange, and similar communications. The composite rate is 18.65% of total charges. The City of Chicago charges a rate of 7.0% of the gross charges for telecommunications purchased at retail from a retailer. Effective July 1, 2025, the State of Illinois increased its telecommunications excise tax rate from 7.0% to 8.65%, an increase of 1.65 percentage points enacted to fund the 9-8-8 Suicide and

Crisis Lifeline under Public Act 104-0006. As a result, the composite telecommunications tax rate increased from 17.0% to 18.65%.⁴⁵ The federal tax rate is 3.0%.

In addition to the telecommunications tax, the City of Chicago also levies a tax (surcharge) for 911 emergency services at a rate of \$5.00 per month for each network connection and wireless number or 7.0% on prepaid wireless service. The purpose of this surcharge is to fund the maintenance and operations of the City's emergency 911 system. The rate increased by \$1.10 from \$3.90 to \$5.00 per connection per month, effective January 1, 2018. Previously, the 911 surcharge increased from \$1.25 to \$2.50 with the November 13, 2007, approval of the FY2008 budget and again to \$3.90 per phone connection per month as part of the FY2015 budget. The 911 surcharge on prepaid wireless service has been in effect since January 1, 2012. The rate for prepaid wireless phones increased on September 1, 2014, from 7.0% to 9.0% per retail transaction. However, effective January 1, 2021, the 9.0% tax on prepaid wireless transactions was reduced to 7.0% per a sunset provision in State statute.

Ordinances and Statutes:

26 USC Sec. 4251

35 ILCS 630, 635 and 636

50 ILCS 750 and 753

City of Chicago Municipal Code, Chapters 3-64; 3-73; 7-50; and 7-51

Personal Property Lease Transaction Tax

The City of Chicago lease transaction tax applies to businesses or individuals that are either a lessor or lessee of personal property in Chicago, including leases for automobiles, at a rate of 15.0%. The lessor does not bear the burden of the tax but is responsible for collecting the tax from the lessee. The rate has increased several times:

- From 6.0% to 8.0% with the November 13, 2007, approval of the FY2008 City's budget;
- From 8.0% to 9.0%, effective January 1, 2015, approved on November 19, 2014, as part of the FY2015 budget;
- From 9.0% to 11.0% for all personal property leases, effective January 1, 2025, as part of the City's 2025 Revenue Ordinance;⁴⁶ and
- From 11.0% to 15.0% effective January 1, 2026, as part of the City's 2026 Revenue Ordinance.

Vehicle rentals within city borders, including car-sharing rentals, are subject to the lease transaction tax, effective January 1, 2015.⁴⁶ The tax also applies to nonpossessory computer software and digital services such as cloud storage.⁴⁷ There are various exemptions, however, such as the lease of motion picture films (subject to the amusement tax instead), medical

⁴⁵ Illinois Department of Revenue, "FY 2025-26, Telecommunications Excise Tax Rate Changes Effective July 1, 2025." <https://tax.illinois.gov/research/publications/bulletins/fy-2025-26.html>; Public Act 104-0006 (Ill. 2025)

⁴⁶ City of Chicago, Department of Finance, 2015 Tax Changes Bulletin.

⁴⁷ City of Chicago, Department of Finance, [Personal Property Lease Transaction Tax](#).

equipment rentals, the lease of rolling stock used for interstate commerce, and leases where the lessor and lessee are part of the same related group.

Ordinances and Statutes:

City of Chicago Municipal Code, Chapter 3-32 and Ordinance 2020-5743 (2021 Revenue Ordinance)

Real Estate Transfer Tax

This tax is imposed upon the privilege of transferring title to, or beneficial interest in, real property by the State of Illinois, Cook County, and the City of Chicago, both as a municipal and home rule tax. The composite rate is 1.2%, of which 0.45% is paid by the seller, and 0.75% is paid by the buyer. The State of Illinois rate is \$0.50 per \$500 in property value transferred (0.1%). The Cook County rate is \$0.25 per each \$500 in value (0.05%). The City of Chicago's home rule rate is \$3.75 per each \$500 in value (0.75%), and its municipal rate is \$1.50 per each \$500 in value (0.3%), for a total of \$5.25 per \$500 in value. The composite rate is \$6.00 per \$500 in property value transferred (1.2%). The 0.3% municipal portion of the City's real estate transfer tax is transferred to the Chicago Transit Authority and is paid by the seller. The State and Cook County real estate transfer taxes are also owed by the seller. The City of Chicago 0.75% home rule tax is paid by the buyer. There are various exemptions to the real estate transfer tax. For example, the City of Chicago exempts sales under \$500, bankruptcies, and Enterprise Zone transfers of primarily commercial or industrial properties from the tax.

Ordinances and Statutes:

35 ILCS 200/31-10

55 ILCS 5/5-1031

65 ILCS 5/8-3-19(i)

Code of Ordinances of Cook County, Illinois, Chapter 74, Article III

City of Chicago Municipal Code, Chapter 3-33

Amusement Tax

Cook County and the City of Chicago both collect an amusement tax for various forms of entertainment.

Cook County charges an amusement tax of 1.0% of admission fees for live theatrical, musical, or other cultural performances with a capacity of 750-5,000 persons and a 1.5% tax for performances with a capacity over 5,000 persons. Live performances in venues with a capacity of under 750 persons are exempt from the tax. A tax of 3.0% applies to other exhibitions, performances, presentations, and shows, such as movies and sporting events.

Cook County's amusement tax applies to ticket resellers at the same rates listed above for any portion of the resold ticket price that exceeds what the seller paid for it, effective February 1, 2016. Exemptions for certain entertainment events may apply, including amateur productions,

benefits for non-profit organizations, non-profit professional orchestras and operas, or participatory activities (e.g., amusement parks, sports games).

The City of Chicago currently imposes three rates depending on the type of amusement: 9.0% for live in-person events, 10.25% for electronically delivered amusements, including streaming services and online games, and 3.0% on ticket resales. Live theatrical, musical, or other cultural events that take place in venues with a capacity of less than 1,500 are exempt from the tax. Other exemptions include events benefiting not-for-profits, activities that are primarily educational rather than recreational, initiation fees, and memberships to health clubs.

Chicago's amusement tax also applies to ticket resales, with a flat 3.0% tax rate applied to the full resale ticket price, regardless of the markup. Previously, the ticket resale was taxed on the mark-up price only, which the City says resulted in difficult calculations and a loss in revenue.⁴⁸

In addition to amusements, such as live performances and sporting events, the City of Chicago applies a 10.25% amusement tax to charges for cable television and streaming services like Netflix and Spotify that are delivered electronically to users with billing addresses in the City of Chicago. Effective January 1, 2025, as part of the City's 2025 Revenue Ordinance, the amusement tax rate for paid television and electronically delivered amusements — including video streaming, audio streaming, and online games — increased from 9.0% to 10.25%. All other amusement tax rates remain unchanged.

Ordinances and Statutes:

Code of Ordinances of Cook County, Illinois, Chapter 74, Article X
City of Chicago Municipal Code, Chapter 4-156

Firearm and Ammunition Taxes

Cook County imposes a tax on the retail purchase of a firearm of \$25.00 per firearm, which has been in effect since April 1, 2013. In 2016, the Cook County Board approved an additional tax on firearm ammunition, which includes \$0.05 on centerfire cartridges and a \$0.01 on rimfire cartridges, which took effect on June 1, 2016.

Cook County's firearm and ammunition tax has been the subject of ongoing litigation. In 2021, the Illinois Supreme Court struck down the tax in *Guns Save Life, Inc. et al. v. Zahra Ali, Director of the Department of Revenue of Cook County et al.*,⁴⁹ finding that it violated the Illinois Constitution's uniformity clause because the County had not sufficiently linked tax revenues to efforts addressing gun violence. Before final judgment was entered by the Circuit Court, the Cook County Board amended the ordinance to dedicate revenues to a special-purpose Equity Fund supporting violence prevention and reduction programs, allowing collections to resume in late

⁴⁸ City of Chicago, FY2017 Budget Overview, p. 22; and Ordinance 2016-7981.

⁴⁹ *Guns Save Life, Inc., et al. v. Zahra Ali, Director of the Department of Revenue of Cook County, et al.*, Illinois Supreme Court Case No. 2021 IL 126014.

2021.⁵⁰ However, in January 2025, the Cook County Circuit Court ruled that the amended ordinance violates the uniformity clause of the Illinois Constitution despite the changes made in 2021 directing revenues to violence prevention purposes. Cook County has appealed the ruling and maintains that the tax remains enforceable pending the outcome of the appeal.

The rates are reflected in this report are as currently imposed, but the status of this litigation could affect future enforceability of the tax.

The State of Illinois does not have a firearms or ammunition tax, but requires residents to register for a Firearm Owners Identification Card in order to purchase a firearm. The card has a fee of \$10.00 for a ten-year term. The purchase of firearms and ammunition is also subject to the sales tax on general merchandise.

Ordinances and Statutes:

*Code of Ordinances of Cook County, Illinois, Chapter 74, Article XX
430 ILCS 65/3 and 430 ILCS 65/7*

⁵⁰ Cook County Ordinance No. 21-6225.