

# **Bond Case Briefs**

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## **TAX - ILLINOIS**

### **Hertz Corp. v. City of Chicago**

**Appellate Court of Illinois, First District, Second Division - September 22, 2015 - N.E.3d - 2015 IL App (1st) 123210 - 2015 WL 5578591**

Car rental companies brought declaratory judgment actions against city, asserting that ruling by city's department of revenue as to tax on use of vehicles leased by city residents was unconstitutional. The Circuit Court declared ruling facially unconstitutional and entered permanent injunction. City appealed.

The Appellate Court held that:

- Tax which ordinance imposed on any lessee of personal property who entered into any lease transaction in the city, irrespective of where leased property was used, and on lessees who used leased personal property more than 50 percent of the time in the city, irrespective of where lease transaction took place, was a use tax rather than a transaction tax, and therefore tax did not exceed city's home rule authority by taxing non-city vehicle lease transactions, even though ordinance imposing tax was titled "Personal Property Lease Transaction Tax." Taxable event was the privilege of using leased personal property inside the city. and
- Ruling did not exceed scope of ordinance.

Ruling by city's department of revenue requiring car rental companies to maintain records relating to whether vehicles were used within city and whether customers were residents of city, as proof of claimed exemption for vehicles used outside of city for more than 50% of time, was not unreasonable, in declaratory judgment action brought by companies challenging ruling, which was promulgated pursuant to ordinance which taxed use of vehicles within city even if lease transaction took place outside city but within three miles of city's border, where companies already obtained such records from its customers in form of driver license information and form requiring customer to check box next to question on intended use of vehicle.