

# This Week in State Tax (TWIST)

January 12, 2026



## Illinois: Chicago approves 2026 budget with novel social media tax and PPLTT rate increase

On December 20, 2025, the Chicago City Council approved a 2026 budget for the Windy City totaling \$16.6 billion; the provisions took effect on January 1, 2026. Among the most notable changes are the creation of the Social Media Amusement Tax (SMAT) and an increase in the Personal Property Lease Transaction Tax (PPLTT) rate.

The newly established SMAT is imposed on for-profit social media businesses that collect consumer data (other than customer contact information) from more than 100,000 Chicago consumers in a calendar year. The rate of tax is \$.50 per Chicago consumer in excess of 100,000, calculated on a monthly basis. "Chicago consumer" is defined as a Chicago resident using social media accessed through an account registered with a social media business without regard to any charges for registering or using the media, and "Chicago resident" is defined as a person in the City for other than a temporary or transitory purpose or who is a "domiciliary of the City." The ordinance establishes a rebuttable presumption that a user with a Chicago address or IP address on record with or available to the social media business is a "Chicago consumer." Certain types of businesses are not considered a "social media business" including Internet search engines, Internet service providers, certain streaming services and advertising networks, telecommunications providers and cloud computing services. Neither is the tax to be construed to apply to or affect various news organizations, websites and platforms. Tax remittances will be due monthly on the 15th day of the following month. An annual tax return is also required in August each year. The initial return will cover January 1, 2026, through June 30, 2026, and will be due by August 17, 2026. While certain terms are defined in the ordinance, many questions remain on matters such as the tax treatment of controlled groups with multiple social media platforms, the sourcing of transactions, and the proper determination of who constitutes a Chicago consumer, among others. The City Department of Finance is expected to provide further guidance regarding the administration and scope of the tax.

As to the PPLTT, the budget increases the rate from 11 percent to 15 percent, effective January 1, 2026 and provides further that the PPLTT rate shall not be "increased prior to January 1, 2028." In addition, the budget increased several other taxes, including the motor vehicle lessor tax, boat mooring tax, checkout bag tax, and ground transportation tax. It also introduced a new internet and mobile sports wagering amusement tax. For further information or assistance regarding these changes or other Chicago tax matters, please contact [Drew Olson](#).

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