START A BUSINESS - ILLINOIS

How to open a car dealership in Illinois

Illinois used car dealers need a Secretary of State license ($1,000) after prelicensing education, a $50,000 bond per location and liability insurance of $100,000/$300,000/$50,000.

Sources verified 2026-11-21 - Updated 2026-11-21

1 Is a dealership right for you?

Dealers buy, recondition and sell vehicles and handle titles and paperwork. It suits people with sales skills, capital for inventory and patience for records.

2 Form the business and register for sales tax

1. Choose a structure. LLCs and corporations file with the Illinois Secretary of State.
2. Register with the Department of Revenue (MyTax Illinois) for retailers' and service occupation taxes on parts and goods.
3. Check your city or county for business licenses and zoning.

3 The used vehicle dealer license

Apply to the Secretary of State Dealer Licensing Section with your prelicensing education certificate, background check information and liability insurance of at least $100,000 per person, $300,000 per crash and $50,000 property damage for each location. The fee is $1,000 for your main location ($500 after June 15). Licenses expire December 31.

4 Dealer bond

File a bond or certificate of deposit of $50,000 for each location, running to the People of the State of Illinois.

5 Your first steps

1. Form the business and register with the Department of Revenue.
2. Complete prelicensing education.
3. Get insurance and the $50,000 bond.
4. Apply to the Secretary of State.
5. List your business on Nearby Car Care

Requirements at a glance

Illinois Department of Revenue registration

Required - State - Illinois Department of Revenue

Register with the Department of Revenue (MyTax Illinois) to collect and pay retailers' and service occupation taxes on parts and goods.

Form your LLC or corporation with the Illinois Secretary of State first. Check your city or county for local licenses.

Official application: https://www.ilga.gov/commission/lru/TaxHandbook2025.pdf

Secretary of State used vehicle dealer license

Required - State - Illinois Secretary of State, Dealer Licensing Section

Include your prelicensing education certificate, background check information and liability insurance of at least $100,000 per person, $300,000 per crash and $50,000 property damage for each location. Licenses expire December 31.

Fees: $1,000 for the established place of business ($500 after June 15) plus $50 per additional place
Official application: https://www.ilsos.gov/departments/vehicles/dealer-remitter.html

Dealer bond or certificate of deposit ($50,000 per location)

Required - State - Illinois Secretary of State

File a bond or certificate of deposit of $50,000 for each location, running to the People of the State of Illinois and lasting at least through December 31 of the license year.
Amount: $50,000 per location

Official agencies and links

625 ILCS 5/5-102, Used vehicle dealers must be licensed
Illinois General Assembly
https://www.ilga.gov/Documents/legislation/ilcs/documents/062500050K5-102.htm

Illinois Tax Handbook for Legislators (2025)
Illinois General Assembly, Legislative Research Unit
https://www.ilga.gov/commission/lru/TaxHandbook2025.pdf

Dealers and Remitters
Illinois Secretary of State
https://www.ilsos.gov/departments/vehicles/dealer-remitter.html

Frequently asked questions

How much is the Illinois used car dealer bond?
$50,000 for each location, as a bond or certificate of deposit.

This guide is general information, not legal advice. Rules change and can depend on your city or county, so confirm with the official agencies linked below before you apply.