



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB2873

by Rep. Martin J. Moylan

SYNOPSIS AS INTRODUCED:

30 ILCS 105/6z-18	from Ch. 127, par. 142z-18
30 ILCS 105/6z-20	from Ch. 127, par. 142z-20
35 ILCS 105/3-10	
35 ILCS 110/3-10	from Ch. 120, par. 439.33-10
35 ILCS 115/3-10	from Ch. 120, par. 439.103-10
35 ILCS 120/2-10	

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that, during the week of Veterans Day each year, food for human consumption that is to be consumed off the premises where it is sold as well as prescription and nonprescription medications and certain medical appliances are exempt from the tax imposed under the Acts if the item is purchased by a veteran. Provides that the tax imposed on other merchandise is imposed at the rate of 5% during the same period if the item is purchased by a veteran. Effective immediately.

LRB101 10383 HLH 55489 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The State Finance Act is amended by changing
5 Sections 6z-18 and 6z-20 as follows:

6 (30 ILCS 105/6z-18) (from Ch. 127, par. 142z-18)

7 Sec. 6z-18. Local Government Tax Fund. A portion of the
8 money paid into the Local Government Tax Fund from sales of
9 tangible personal property taxed at the 1% rate under the
10 Retailers' Occupation Tax Act and the Service Occupation Tax
11 Act, which occurred in municipalities, shall be distributed to
12 each municipality based upon the sales which occurred in that
13 municipality. The remainder shall be distributed to each county
14 based upon the sales which occurred in the unincorporated area
15 of that county.

16 A portion of the money paid into the Local Government Tax
17 Fund from the 6.25% general use tax rate on the selling price
18 of tangible personal property which is purchased outside
19 Illinois at retail from a retailer and which is titled or
20 registered by any agency of this State's government shall be
21 distributed to municipalities as provided in this paragraph.
22 Each municipality shall receive the amount attributable to
23 sales for which Illinois addresses for titling or registration

1 purposes are given as being in such municipality. The remainder
2 of the money paid into the Local Government Tax Fund from such
3 sales shall be distributed to counties. Each county shall
4 receive the amount attributable to sales for which Illinois
5 addresses for titling or registration purposes are given as
6 being located in the unincorporated area of such county.

7 A portion of the money paid into the Local Government Tax
8 Fund from the 6.25% general rate (and, beginning July 1, 2000
9 and through December 31, 2000, the 1.25% rate on motor fuel and
10 gasohol, and beginning on August 6, 2010 through August 15,
11 2010, the 1.25% rate on sales tax holiday items, and during the
12 week of Veterans Day each year, the sales tax holiday rate on
13 items sold to veterans) on sales subject to taxation under the
14 Retailers' Occupation Tax Act and the Service Occupation Tax
15 Act, which occurred in municipalities, shall be distributed to
16 each municipality, based upon the sales which occurred in that
17 municipality. The remainder shall be distributed to each
18 county, based upon the sales which occurred in the
19 unincorporated area of such county.

20 For the purpose of determining allocation to the local
21 government unit, a retail sale by a producer of coal or other
22 mineral mined in Illinois is a sale at retail at the place
23 where the coal or other mineral mined in Illinois is extracted
24 from the earth. This paragraph does not apply to coal or other
25 mineral when it is delivered or shipped by the seller to the
26 purchaser at a point outside Illinois so that the sale is

1 exempt under the United States Constitution as a sale in
2 interstate or foreign commerce.

3 Whenever the Department determines that a refund of money
4 paid into the Local Government Tax Fund should be made to a
5 claimant instead of issuing a credit memorandum, the Department
6 shall notify the State Comptroller, who shall cause the order
7 to be drawn for the amount specified, and to the person named,
8 in such notification from the Department. Such refund shall be
9 paid by the State Treasurer out of the Local Government Tax
10 Fund.

11 As soon as possible after the first day of each month,
12 beginning January 1, 2011, upon certification of the Department
13 of Revenue, the Comptroller shall order transferred, and the
14 Treasurer shall transfer, to the STAR Bonds Revenue Fund the
15 local sales tax increment, as defined in the Innovation
16 Development and Economy Act, collected during the second
17 preceding calendar month for sales within a STAR bond district
18 and deposited into the Local Government Tax Fund, less 3% of
19 that amount, which shall be transferred into the Tax Compliance
20 and Administration Fund and shall be used by the Department,
21 subject to appropriation, to cover the costs of the Department
22 in administering the Innovation Development and Economy Act.

23 After the monthly transfer to the STAR Bonds Revenue Fund,
24 on or before the 25th day of each calendar month, the
25 Department shall prepare and certify to the Comptroller the
26 disbursement of stated sums of money to named municipalities

1 and counties, the municipalities and counties to be those
2 entitled to distribution of taxes or penalties paid to the
3 Department during the second preceding calendar month. The
4 amount to be paid to each municipality or county shall be the
5 amount (not including credit memoranda) collected during the
6 second preceding calendar month by the Department and paid into
7 the Local Government Tax Fund, plus an amount the Department
8 determines is necessary to offset any amounts which were
9 erroneously paid to a different taxing body, and not including
10 an amount equal to the amount of refunds made during the second
11 preceding calendar month by the Department, and not including
12 any amount which the Department determines is necessary to
13 offset any amounts which are payable to a different taxing body
14 but were erroneously paid to the municipality or county, and
15 not including any amounts that are transferred to the STAR
16 Bonds Revenue Fund. Within 10 days after receipt, by the
17 Comptroller, of the disbursement certification to the
18 municipalities and counties, provided for in this Section to be
19 given to the Comptroller by the Department, the Comptroller
20 shall cause the orders to be drawn for the respective amounts
21 in accordance with the directions contained in such
22 certification.

23 When certifying the amount of monthly disbursement to a
24 municipality or county under this Section, the Department shall
25 increase or decrease that amount by an amount necessary to
26 offset any misallocation of previous disbursements. The offset

1 amount shall be the amount erroneously disbursed within the 6
2 months preceding the time a misallocation is discovered.

3 The provisions directing the distributions from the
4 special fund in the State Treasury provided for in this Section
5 shall constitute an irrevocable and continuing appropriation
6 of all amounts as provided herein. The State Treasurer and
7 State Comptroller are hereby authorized to make distributions
8 as provided in this Section.

9 In construing any development, redevelopment, annexation,
10 preannexation or other lawful agreement in effect prior to
11 September 1, 1990, which describes or refers to receipts from a
12 county or municipal retailers' occupation tax, use tax or
13 service occupation tax which now cannot be imposed, such
14 description or reference shall be deemed to include the
15 replacement revenue for such abolished taxes, distributed from
16 the Local Government Tax Fund.

17 As soon as possible after the effective date of this
18 amendatory Act of the 98th General Assembly, the State
19 Comptroller shall order and the State Treasurer shall transfer
20 \$6,600,000 from the Local Government Tax Fund to the Illinois
21 State Medical Disciplinary Fund.

22 (Source: P.A. 100-1171, eff. 1-4-19.)

23 (30 ILCS 105/6z-20) (from Ch. 127, par. 142z-20)

24 Sec. 6z-20. County and Mass Transit District Fund. Of the
25 money received from the 6.25% general rate (and, beginning July

1 1, 2000 and through December 31, 2000, the 1.25% rate on motor
2 fuel and gasohol, and beginning on August 6, 2010 through
3 August 15, 2010, the 1.25% rate on sales tax holiday items, and
4 during the week of Veterans Day each year, the sales tax
5 holiday rate on items sold to veterans) on sales subject to
6 taxation under the Retailers' Occupation Tax Act and Service
7 Occupation Tax Act and paid into the County and Mass Transit
8 District Fund, distribution to the Regional Transportation
9 Authority tax fund, created pursuant to Section 4.03 of the
10 Regional Transportation Authority Act, for deposit therein
11 shall be made based upon the retail sales occurring in a county
12 having more than 3,000,000 inhabitants. The remainder shall be
13 distributed to each county having 3,000,000 or fewer
14 inhabitants based upon the retail sales occurring in each such
15 county.

16 For the purpose of determining allocation to the local
17 government unit, a retail sale by a producer of coal or other
18 mineral mined in Illinois is a sale at retail at the place
19 where the coal or other mineral mined in Illinois is extracted
20 from the earth. This paragraph does not apply to coal or other
21 mineral when it is delivered or shipped by the seller to the
22 purchaser at a point outside Illinois so that the sale is
23 exempt under the United States Constitution as a sale in
24 interstate or foreign commerce.

25 Of the money received from the 6.25% general use tax rate
26 on tangible personal property which is purchased outside

1 Illinois at retail from a retailer and which is titled or
2 registered by any agency of this State's government and paid
3 into the County and Mass Transit District Fund, the amount for
4 which Illinois addresses for titling or registration purposes
5 are given as being in each county having more than 3,000,000
6 inhabitants shall be distributed into the Regional
7 Transportation Authority tax fund, created pursuant to Section
8 4.03 of the Regional Transportation Authority Act. The
9 remainder of the money paid from such sales shall be
10 distributed to each county based on sales for which Illinois
11 addresses for titling or registration purposes are given as
12 being located in the county. Any money paid into the Regional
13 Transportation Authority Occupation and Use Tax Replacement
14 Fund from the County and Mass Transit District Fund prior to
15 January 14, 1991, which has not been paid to the Authority
16 prior to that date, shall be transferred to the Regional
17 Transportation Authority tax fund.

18 Whenever the Department determines that a refund of money
19 paid into the County and Mass Transit District Fund should be
20 made to a claimant instead of issuing a credit memorandum, the
21 Department shall notify the State Comptroller, who shall cause
22 the order to be drawn for the amount specified, and to the
23 person named, in such notification from the Department. Such
24 refund shall be paid by the State Treasurer out of the County
25 and Mass Transit District Fund.

26 As soon as possible after the first day of each month,

1 beginning January 1, 2011, upon certification of the Department
2 of Revenue, the Comptroller shall order transferred, and the
3 Treasurer shall transfer, to the STAR Bonds Revenue Fund the
4 local sales tax increment, as defined in the Innovation
5 Development and Economy Act, collected during the second
6 preceding calendar month for sales within a STAR bond district
7 and deposited into the County and Mass Transit District Fund,
8 less 3% of that amount, which shall be transferred into the Tax
9 Compliance and Administration Fund and shall be used by the
10 Department, subject to appropriation, to cover the costs of the
11 Department in administering the Innovation Development and
12 Economy Act.

13 After the monthly transfer to the STAR Bonds Revenue Fund,
14 on or before the 25th day of each calendar month, the
15 Department shall prepare and certify to the Comptroller the
16 disbursement of stated sums of money to the Regional
17 Transportation Authority and to named counties, the counties to
18 be those entitled to distribution, as hereinabove provided, of
19 taxes or penalties paid to the Department during the second
20 preceding calendar month. The amount to be paid to the Regional
21 Transportation Authority and each county having 3,000,000 or
22 fewer inhabitants shall be the amount (not including credit
23 memoranda) collected during the second preceding calendar
24 month by the Department and paid into the County and Mass
25 Transit District Fund, plus an amount the Department determines
26 is necessary to offset any amounts which were erroneously paid

1 to a different taxing body, and not including an amount equal
2 to the amount of refunds made during the second preceding
3 calendar month by the Department, and not including any amount
4 which the Department determines is necessary to offset any
5 amounts which were payable to a different taxing body but were
6 erroneously paid to the Regional Transportation Authority or
7 county, and not including any amounts that are transferred to
8 the STAR Bonds Revenue Fund, less 1.5% of the amount to be paid
9 to the Regional Transportation Authority, which shall be
10 transferred into the Tax Compliance and Administration Fund.
11 The Department, at the time of each monthly disbursement to the
12 Regional Transportation Authority, shall prepare and certify
13 to the State Comptroller the amount to be transferred into the
14 Tax Compliance and Administration Fund under this Section.
15 Within 10 days after receipt, by the Comptroller, of the
16 disbursement certification to the Regional Transportation
17 Authority, counties, and the Tax Compliance and Administration
18 Fund provided for in this Section to be given to the
19 Comptroller by the Department, the Comptroller shall cause the
20 orders to be drawn for the respective amounts in accordance
21 with the directions contained in such certification.

22 When certifying the amount of a monthly disbursement to the
23 Regional Transportation Authority or to a county under this
24 Section, the Department shall increase or decrease that amount
25 by an amount necessary to offset any misallocation of previous
26 disbursements. The offset amount shall be the amount

1 erroneously disbursed within the 6 months preceding the time a
2 misallocation is discovered.

3 The provisions directing the distributions from the
4 special fund in the State Treasury provided for in this Section
5 and from the Regional Transportation Authority tax fund created
6 by Section 4.03 of the Regional Transportation Authority Act
7 shall constitute an irrevocable and continuing appropriation
8 of all amounts as provided herein. The State Treasurer and
9 State Comptroller are hereby authorized to make distributions
10 as provided in this Section.

11 In construing any development, redevelopment, annexation,
12 preannexation or other lawful agreement in effect prior to
13 September 1, 1990, which describes or refers to receipts from a
14 county or municipal retailers' occupation tax, use tax or
15 service occupation tax which now cannot be imposed, such
16 description or reference shall be deemed to include the
17 replacement revenue for such abolished taxes, distributed from
18 the County and Mass Transit District Fund or Local Government
19 Distributive Fund, as the case may be.

20 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18.)

21 Section 10. The Use Tax Act is amended by changing Section
22 3-10 as follows:

23 (35 ILCS 105/3-10)

24 Sec. 3-10. Rate of tax. Unless otherwise provided in this

1 Section, the tax imposed by this Act is at the rate of 6.25% of
2 either the selling price or the fair market value, if any, of
3 the tangible personal property. In all cases where property
4 functionally used or consumed is the same as the property that
5 was purchased at retail, then the tax is imposed on the selling
6 price of the property. In all cases where property functionally
7 used or consumed is a by-product or waste product that has been
8 refined, manufactured, or produced from property purchased at
9 retail, then the tax is imposed on the lower of the fair market
10 value, if any, of the specific property so used in this State
11 or on the selling price of the property purchased at retail.
12 For purposes of this Section "fair market value" means the
13 price at which property would change hands between a willing
14 buyer and a willing seller, neither being under any compulsion
15 to buy or sell and both having reasonable knowledge of the
16 relevant facts. The fair market value shall be established by
17 Illinois sales by the taxpayer of the same property as that
18 functionally used or consumed, or if there are no such sales by
19 the taxpayer, then comparable sales or purchases of property of
20 like kind and character in Illinois.

21 Beginning on July 1, 2000 and through December 31, 2000,
22 with respect to motor fuel, as defined in Section 1.1 of the
23 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
24 the Use Tax Act, the tax is imposed at the rate of 1.25%.

25 Beginning on August 6, 2010 through August 15, 2010, with
26 respect to sales tax holiday items as defined in Section 3-6 of

1 this Act, the tax is imposed at the rate of 1.25%.

2 With respect to gasohol, the tax imposed by this Act
3 applies to (i) 70% of the proceeds of sales made on or after
4 January 1, 1990, and before July 1, 2003, (ii) 80% of the
5 proceeds of sales made on or after July 1, 2003 and on or
6 before July 1, 2017, and (iii) 100% of the proceeds of sales
7 made thereafter. If, at any time, however, the tax under this
8 Act on sales of gasohol is imposed at the rate of 1.25%, then
9 the tax imposed by this Act applies to 100% of the proceeds of
10 sales of gasohol made during that time.

11 With respect to majority blended ethanol fuel, the tax
12 imposed by this Act does not apply to the proceeds of sales
13 made on or after July 1, 2003 and on or before December 31,
14 2023 but applies to 100% of the proceeds of sales made
15 thereafter.

16 With respect to biodiesel blends with no less than 1% and
17 no more than 10% biodiesel, the tax imposed by this Act applies
18 to (i) 80% of the proceeds of sales made on or after July 1,
19 2003 and on or before December 31, 2018 and (ii) 100% of the
20 proceeds of sales made thereafter. If, at any time, however,
21 the tax under this Act on sales of biodiesel blends with no
22 less than 1% and no more than 10% biodiesel is imposed at the
23 rate of 1.25%, then the tax imposed by this Act applies to 100%
24 of the proceeds of sales of biodiesel blends with no less than
25 1% and no more than 10% biodiesel made during that time.

26 With respect to 100% biodiesel and biodiesel blends with

1 more than 10% but no more than 99% biodiesel, the tax imposed
2 by this Act does not apply to the proceeds of sales made on or
3 after July 1, 2003 and on or before December 31, 2023 but
4 applies to 100% of the proceeds of sales made thereafter.

5 With respect to food for human consumption that is to be
6 consumed off the premises where it is sold (other than
7 alcoholic beverages, soft drinks, and food that has been
8 prepared for immediate consumption) and prescription and
9 nonprescription medicines, drugs, medical appliances, products
10 classified as Class III medical devices by the United States
11 Food and Drug Administration that are used for cancer treatment
12 pursuant to a prescription, as well as any accessories and
13 components related to those devices, modifications to a motor
14 vehicle for the purpose of rendering it usable by a person with
15 a disability, and insulin, urine testing materials, syringes,
16 and needles used by diabetics, for human use, the tax is
17 imposed at the rate of 1%. For the purposes of this Section,
18 until September 1, 2009: the term "soft drinks" means any
19 complete, finished, ready-to-use, non-alcoholic drink, whether
20 carbonated or not, including but not limited to soda water,
21 cola, fruit juice, vegetable juice, carbonated water, and all
22 other preparations commonly known as soft drinks of whatever
23 kind or description that are contained in any closed or sealed
24 bottle, can, carton, or container, regardless of size; but
25 "soft drinks" does not include coffee, tea, non-carbonated
26 water, infant formula, milk or milk products as defined in the

1 Grade A Pasteurized Milk and Milk Products Act, or drinks
2 containing 50% or more natural fruit or vegetable juice.

3 Notwithstanding any other provisions of this Act,
4 beginning September 1, 2009, "soft drinks" means non-alcoholic
5 beverages that contain natural or artificial sweeteners. "Soft
6 drinks" do not include beverages that contain milk or milk
7 products, soy, rice or similar milk substitutes, or greater
8 than 50% of vegetable or fruit juice by volume.

9 Until August 1, 2009, and notwithstanding any other
10 provisions of this Act, "food for human consumption that is to
11 be consumed off the premises where it is sold" includes all
12 food sold through a vending machine, except soft drinks and
13 food products that are dispensed hot from a vending machine,
14 regardless of the location of the vending machine. Beginning
15 August 1, 2009, and notwithstanding any other provisions of
16 this Act, "food for human consumption that is to be consumed
17 off the premises where it is sold" includes all food sold
18 through a vending machine, except soft drinks, candy, and food
19 products that are dispensed hot from a vending machine,
20 regardless of the location of the vending machine.

21 Notwithstanding any other provisions of this Act,
22 beginning September 1, 2009, "food for human consumption that
23 is to be consumed off the premises where it is sold" does not
24 include candy. For purposes of this Section, "candy" means a
25 preparation of sugar, honey, or other natural or artificial
26 sweeteners in combination with chocolate, fruits, nuts or other

1 ingredients or flavorings in the form of bars, drops, or
2 pieces. "Candy" does not include any preparation that contains
3 flour or requires refrigeration.

4 Notwithstanding any other provisions of this Act,
5 beginning September 1, 2009, "nonprescription medicines and
6 drugs" does not include grooming and hygiene products. For
7 purposes of this Section, "grooming and hygiene products"
8 includes, but is not limited to, soaps and cleaning solutions,
9 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
10 lotions and screens, unless those products are available by
11 prescription only, regardless of whether the products meet the
12 definition of "over-the-counter-drugs". For the purposes of
13 this paragraph, "over-the-counter-drug" means a drug for human
14 use that contains a label that identifies the product as a drug
15 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
16 label includes:

17 (A) A "Drug Facts" panel; or

18 (B) A statement of the "active ingredient(s)" with a
19 list of those ingredients contained in the compound,
20 substance or preparation.

21 Beginning on the effective date of this amendatory Act of
22 the 98th General Assembly, "prescription and nonprescription
23 medicines and drugs" includes medical cannabis purchased from a
24 registered dispensing organization under the Compassionate Use
25 of Medical Cannabis Pilot Program Act.

26 Notwithstanding any other provision of law, during the week

1 of Veterans Day each year, the following items are exempt from
2 the tax imposed under this Act if the item is purchased by a
3 veteran of the United States Armed Forces: food for human
4 consumption that is to be consumed off the premises where it is
5 sold (other than alcoholic beverages, soft drinks, and food
6 that has been prepared for immediate consumption) and
7 prescription and nonprescription medicines, drugs, medical
8 appliances, products classified as Class III medical devices by
9 the United States Food and Drug Administration that are used
10 for cancer treatment pursuant to a prescription, as well as any
11 accessories and components related to those devices,
12 modifications to a motor vehicle for the purpose of rendering
13 it usable by a person with a disability, and insulin, urine
14 testing materials, syringes, and needles used by diabetics, for
15 human use. During the week of Veterans Day each year, the tax
16 on general merchandise shall be imposed at the rate of 5% if
17 the merchandise is purchased by a veteran of the United States
18 Armed Forces. The exemption and reduction under this paragraph
19 is exempt from the provisions of Section 3-90.

20 If the property that is purchased at retail from a retailer
21 is acquired outside Illinois and used outside Illinois before
22 being brought to Illinois for use here and is taxable under
23 this Act, the "selling price" on which the tax is computed
24 shall be reduced by an amount that represents a reasonable
25 allowance for depreciation for the period of prior out-of-state
26 use.

1 (Source: P.A. 99-143, eff. 7-27-15; 99-858, eff. 8-19-16;
2 100-22, eff. 7-6-17.)

3 Section 15. The Service Use Tax Act is amended by changing
4 Section 3-10 as follows:

5 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

6 Sec. 3-10. Rate of tax. Unless otherwise provided in this
7 Section, the tax imposed by this Act is at the rate of 6.25% of
8 the selling price of tangible personal property transferred as
9 an incident to the sale of service, but, for the purpose of
10 computing this tax, in no event shall the selling price be less
11 than the cost price of the property to the serviceman.

12 Beginning on July 1, 2000 and through December 31, 2000,
13 with respect to motor fuel, as defined in Section 1.1 of the
14 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
15 the Use Tax Act, the tax is imposed at the rate of 1.25%.

16 With respect to gasohol, as defined in the Use Tax Act, the
17 tax imposed by this Act applies to (i) 70% of the selling price
18 of property transferred as an incident to the sale of service
19 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
20 of the selling price of property transferred as an incident to
21 the sale of service on or after July 1, 2003 and on or before
22 July 1, 2017, and (iii) 100% of the selling price thereafter.
23 If, at any time, however, the tax under this Act on sales of
24 gasohol, as defined in the Use Tax Act, is imposed at the rate

1 of 1.25%, then the tax imposed by this Act applies to 100% of
2 the proceeds of sales of gasohol made during that time.

3 With respect to majority blended ethanol fuel, as defined
4 in the Use Tax Act, the tax imposed by this Act does not apply
5 to the selling price of property transferred as an incident to
6 the sale of service on or after July 1, 2003 and on or before
7 December 31, 2023 but applies to 100% of the selling price
8 thereafter.

9 With respect to biodiesel blends, as defined in the Use Tax
10 Act, with no less than 1% and no more than 10% biodiesel, the
11 tax imposed by this Act applies to (i) 80% of the selling price
12 of property transferred as an incident to the sale of service
13 on or after July 1, 2003 and on or before December 31, 2018 and
14 (ii) 100% of the proceeds of the selling price thereafter. If,
15 at any time, however, the tax under this Act on sales of
16 biodiesel blends, as defined in the Use Tax Act, with no less
17 than 1% and no more than 10% biodiesel is imposed at the rate
18 of 1.25%, then the tax imposed by this Act applies to 100% of
19 the proceeds of sales of biodiesel blends with no less than 1%
20 and no more than 10% biodiesel made during that time.

21 With respect to 100% biodiesel, as defined in the Use Tax
22 Act, and biodiesel blends, as defined in the Use Tax Act, with
23 more than 10% but no more than 99% biodiesel, the tax imposed
24 by this Act does not apply to the proceeds of the selling price
25 of property transferred as an incident to the sale of service
26 on or after July 1, 2003 and on or before December 31, 2023 but

1 applies to 100% of the selling price thereafter.

2 At the election of any registered serviceman made for each
3 fiscal year, sales of service in which the aggregate annual
4 cost price of tangible personal property transferred as an
5 incident to the sales of service is less than 35%, or 75% in
6 the case of servicemen transferring prescription drugs or
7 servicemen engaged in graphic arts production, of the aggregate
8 annual total gross receipts from all sales of service, the tax
9 imposed by this Act shall be based on the serviceman's cost
10 price of the tangible personal property transferred as an
11 incident to the sale of those services.

12 The tax shall be imposed at the rate of 1% on food prepared
13 for immediate consumption and transferred incident to a sale of
14 service subject to this Act or the Service Occupation Tax Act
15 by an entity licensed under the Hospital Licensing Act, the
16 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD
17 Act, the Specialized Mental Health Rehabilitation Act of 2013,
18 or the Child Care Act of 1969. The tax shall also be imposed at
19 the rate of 1% on food for human consumption that is to be
20 consumed off the premises where it is sold (other than
21 alcoholic beverages, soft drinks, and food that has been
22 prepared for immediate consumption and is not otherwise
23 included in this paragraph) and prescription and
24 nonprescription medicines, drugs, medical appliances, products
25 classified as Class III medical devices by the United States
26 Food and Drug Administration that are used for cancer treatment

1 pursuant to a prescription, as well as any accessories and
2 components related to those devices, modifications to a motor
3 vehicle for the purpose of rendering it usable by a person with
4 a disability, and insulin, urine testing materials, syringes,
5 and needles used by diabetics, for human use. For the purposes
6 of this Section, until September 1, 2009: the term "soft
7 drinks" means any complete, finished, ready-to-use,
8 non-alcoholic drink, whether carbonated or not, including but
9 not limited to soda water, cola, fruit juice, vegetable juice,
10 carbonated water, and all other preparations commonly known as
11 soft drinks of whatever kind or description that are contained
12 in any closed or sealed bottle, can, carton, or container,
13 regardless of size; but "soft drinks" does not include coffee,
14 tea, non-carbonated water, infant formula, milk or milk
15 products as defined in the Grade A Pasteurized Milk and Milk
16 Products Act, or drinks containing 50% or more natural fruit or
17 vegetable juice.

18 Notwithstanding any other provisions of this Act,
19 beginning September 1, 2009, "soft drinks" means non-alcoholic
20 beverages that contain natural or artificial sweeteners. "Soft
21 drinks" do not include beverages that contain milk or milk
22 products, soy, rice or similar milk substitutes, or greater
23 than 50% of vegetable or fruit juice by volume.

24 Until August 1, 2009, and notwithstanding any other
25 provisions of this Act, "food for human consumption that is to
26 be consumed off the premises where it is sold" includes all

1 food sold through a vending machine, except soft drinks and
2 food products that are dispensed hot from a vending machine,
3 regardless of the location of the vending machine. Beginning
4 August 1, 2009, and notwithstanding any other provisions of
5 this Act, "food for human consumption that is to be consumed
6 off the premises where it is sold" includes all food sold
7 through a vending machine, except soft drinks, candy, and food
8 products that are dispensed hot from a vending machine,
9 regardless of the location of the vending machine.

10 Notwithstanding any other provisions of this Act,
11 beginning September 1, 2009, "food for human consumption that
12 is to be consumed off the premises where it is sold" does not
13 include candy. For purposes of this Section, "candy" means a
14 preparation of sugar, honey, or other natural or artificial
15 sweeteners in combination with chocolate, fruits, nuts or other
16 ingredients or flavorings in the form of bars, drops, or
17 pieces. "Candy" does not include any preparation that contains
18 flour or requires refrigeration.

19 Notwithstanding any other provisions of this Act,
20 beginning September 1, 2009, "nonprescription medicines and
21 drugs" does not include grooming and hygiene products. For
22 purposes of this Section, "grooming and hygiene products"
23 includes, but is not limited to, soaps and cleaning solutions,
24 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
25 lotions and screens, unless those products are available by
26 prescription only, regardless of whether the products meet the

1 definition of "over-the-counter-drugs". For the purposes of
2 this paragraph, "over-the-counter-drug" means a drug for human
3 use that contains a label that identifies the product as a drug
4 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
5 label includes:

6 (A) A "Drug Facts" panel; or

7 (B) A statement of the "active ingredient(s)" with a
8 list of those ingredients contained in the compound,
9 substance or preparation.

10 Beginning on January 1, 2014 (the effective date of Public
11 Act 98-122), "prescription and nonprescription medicines and
12 drugs" includes medical cannabis purchased from a registered
13 dispensing organization under the Compassionate Use of Medical
14 Cannabis Pilot Program Act.

15 Notwithstanding any other provision of law, during the week
16 of Veterans Day each year, the following items are exempt from
17 the tax imposed under this Act if the item is purchased by a
18 veteran of the United States Armed Forces: food for human
19 consumption that is to be consumed off the premises where it is
20 sold (other than alcoholic beverages, soft drinks, and food
21 that has been prepared for immediate consumption) and
22 prescription and nonprescription medicines, drugs, medical
23 appliances, products classified as Class III medical devices by
24 the United States Food and Drug Administration that are used
25 for cancer treatment pursuant to a prescription, as well as any
26 accessories and components related to those devices,

1 modifications to a motor vehicle for the purpose of rendering
2 it usable by a person with a disability, and insulin, urine
3 testing materials, syringes, and needles used by diabetics, for
4 human use. During the week of Veterans Day each year, the tax
5 on general merchandise shall be imposed at the rate of 5% if
6 the merchandise is purchased by a veteran of the United States
7 Armed Forces. The exemption and reduction under this paragraph
8 is exempt from the provisions of Section 3-75.

9 If the property that is acquired from a serviceman is
10 acquired outside Illinois and used outside Illinois before
11 being brought to Illinois for use here and is taxable under
12 this Act, the "selling price" on which the tax is computed
13 shall be reduced by an amount that represents a reasonable
14 allowance for depreciation for the period of prior out-of-state
15 use.

16 (Source: P.A. 99-143, eff. 7-27-15; 99-180, eff. 7-29-15;
17 99-642, eff. 7-28-16; 99-858, eff. 8-19-16; 100-22, eff.
18 7-6-17.)

19 Section 20. The Service Occupation Tax Act is amended by
20 changing Section 3-10 as follows:

21 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

22 Sec. 3-10. Rate of tax. Unless otherwise provided in this
23 Section, the tax imposed by this Act is at the rate of 6.25% of
24 the "selling price", as defined in Section 2 of the Service Use

1 Tax Act, of the tangible personal property. For the purpose of
2 computing this tax, in no event shall the "selling price" be
3 less than the cost price to the serviceman of the tangible
4 personal property transferred. The selling price of each item
5 of tangible personal property transferred as an incident of a
6 sale of service may be shown as a distinct and separate item on
7 the serviceman's billing to the service customer. If the
8 selling price is not so shown, the selling price of the
9 tangible personal property is deemed to be 50% of the
10 serviceman's entire billing to the service customer. When,
11 however, a serviceman contracts to design, develop, and produce
12 special order machinery or equipment, the tax imposed by this
13 Act shall be based on the serviceman's cost price of the
14 tangible personal property transferred incident to the
15 completion of the contract.

16 Beginning on July 1, 2000 and through December 31, 2000,
17 with respect to motor fuel, as defined in Section 1.1 of the
18 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
19 the Use Tax Act, the tax is imposed at the rate of 1.25%.

20 With respect to gasohol, as defined in the Use Tax Act, the
21 tax imposed by this Act shall apply to (i) 70% of the cost
22 price of property transferred as an incident to the sale of
23 service on or after January 1, 1990, and before July 1, 2003,
24 (ii) 80% of the selling price of property transferred as an
25 incident to the sale of service on or after July 1, 2003 and on
26 or before July 1, 2017, and (iii) 100% of the cost price

1 thereafter. If, at any time, however, the tax under this Act on
2 sales of gasohol, as defined in the Use Tax Act, is imposed at
3 the rate of 1.25%, then the tax imposed by this Act applies to
4 100% of the proceeds of sales of gasohol made during that time.

5 With respect to majority blended ethanol fuel, as defined
6 in the Use Tax Act, the tax imposed by this Act does not apply
7 to the selling price of property transferred as an incident to
8 the sale of service on or after July 1, 2003 and on or before
9 December 31, 2023 but applies to 100% of the selling price
10 thereafter.

11 With respect to biodiesel blends, as defined in the Use Tax
12 Act, with no less than 1% and no more than 10% biodiesel, the
13 tax imposed by this Act applies to (i) 80% of the selling price
14 of property transferred as an incident to the sale of service
15 on or after July 1, 2003 and on or before December 31, 2018 and
16 (ii) 100% of the proceeds of the selling price thereafter. If,
17 at any time, however, the tax under this Act on sales of
18 biodiesel blends, as defined in the Use Tax Act, with no less
19 than 1% and no more than 10% biodiesel is imposed at the rate
20 of 1.25%, then the tax imposed by this Act applies to 100% of
21 the proceeds of sales of biodiesel blends with no less than 1%
22 and no more than 10% biodiesel made during that time.

23 With respect to 100% biodiesel, as defined in the Use Tax
24 Act, and biodiesel blends, as defined in the Use Tax Act, with
25 more than 10% but no more than 99% biodiesel material, the tax
26 imposed by this Act does not apply to the proceeds of the

1 selling price of property transferred as an incident to the
2 sale of service on or after July 1, 2003 and on or before
3 December 31, 2023 but applies to 100% of the selling price
4 thereafter.

5 At the election of any registered serviceman made for each
6 fiscal year, sales of service in which the aggregate annual
7 cost price of tangible personal property transferred as an
8 incident to the sales of service is less than 35%, or 75% in
9 the case of servicemen transferring prescription drugs or
10 servicemen engaged in graphic arts production, of the aggregate
11 annual total gross receipts from all sales of service, the tax
12 imposed by this Act shall be based on the serviceman's cost
13 price of the tangible personal property transferred incident to
14 the sale of those services.

15 The tax shall be imposed at the rate of 1% on food prepared
16 for immediate consumption and transferred incident to a sale of
17 service subject to this Act or the Service Occupation Tax Act
18 by an entity licensed under the Hospital Licensing Act, the
19 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD
20 Act, the Specialized Mental Health Rehabilitation Act of 2013,
21 or the Child Care Act of 1969. The tax shall also be imposed at
22 the rate of 1% on food for human consumption that is to be
23 consumed off the premises where it is sold (other than
24 alcoholic beverages, soft drinks, and food that has been
25 prepared for immediate consumption and is not otherwise
26 included in this paragraph) and prescription and

1 nonprescription medicines, drugs, medical appliances, products
2 classified as Class III medical devices by the United States
3 Food and Drug Administration that are used for cancer treatment
4 pursuant to a prescription, as well as any accessories and
5 components related to those devices, modifications to a motor
6 vehicle for the purpose of rendering it usable by a person with
7 a disability, and insulin, urine testing materials, syringes,
8 and needles used by diabetics, for human use. For the purposes
9 of this Section, until September 1, 2009: the term "soft
10 drinks" means any complete, finished, ready-to-use,
11 non-alcoholic drink, whether carbonated or not, including but
12 not limited to soda water, cola, fruit juice, vegetable juice,
13 carbonated water, and all other preparations commonly known as
14 soft drinks of whatever kind or description that are contained
15 in any closed or sealed can, carton, or container, regardless
16 of size; but "soft drinks" does not include coffee, tea,
17 non-carbonated water, infant formula, milk or milk products as
18 defined in the Grade A Pasteurized Milk and Milk Products Act,
19 or drinks containing 50% or more natural fruit or vegetable
20 juice.

21 Notwithstanding any other provisions of this Act,
22 beginning September 1, 2009, "soft drinks" means non-alcoholic
23 beverages that contain natural or artificial sweeteners. "Soft
24 drinks" do not include beverages that contain milk or milk
25 products, soy, rice or similar milk substitutes, or greater
26 than 50% of vegetable or fruit juice by volume.

1 Until August 1, 2009, and notwithstanding any other
2 provisions of this Act, "food for human consumption that is to
3 be consumed off the premises where it is sold" includes all
4 food sold through a vending machine, except soft drinks and
5 food products that are dispensed hot from a vending machine,
6 regardless of the location of the vending machine. Beginning
7 August 1, 2009, and notwithstanding any other provisions of
8 this Act, "food for human consumption that is to be consumed
9 off the premises where it is sold" includes all food sold
10 through a vending machine, except soft drinks, candy, and food
11 products that are dispensed hot from a vending machine,
12 regardless of the location of the vending machine.

13 Notwithstanding any other provisions of this Act,
14 beginning September 1, 2009, "food for human consumption that
15 is to be consumed off the premises where it is sold" does not
16 include candy. For purposes of this Section, "candy" means a
17 preparation of sugar, honey, or other natural or artificial
18 sweeteners in combination with chocolate, fruits, nuts or other
19 ingredients or flavorings in the form of bars, drops, or
20 pieces. "Candy" does not include any preparation that contains
21 flour or requires refrigeration.

22 Notwithstanding any other provisions of this Act,
23 beginning September 1, 2009, "nonprescription medicines and
24 drugs" does not include grooming and hygiene products. For
25 purposes of this Section, "grooming and hygiene products"
26 includes, but is not limited to, soaps and cleaning solutions,

1 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
2 lotions and screens, unless those products are available by
3 prescription only, regardless of whether the products meet the
4 definition of "over-the-counter-drugs". For the purposes of
5 this paragraph, "over-the-counter-drug" means a drug for human
6 use that contains a label that identifies the product as a drug
7 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
8 label includes:

9 (A) A "Drug Facts" panel; or

10 (B) A statement of the "active ingredient(s)" with a
11 list of those ingredients contained in the compound,
12 substance or preparation.

13 Notwithstanding any other provision of law, during the week
14 of Veterans Day each year, the following items are exempt from
15 the tax imposed under this Act if the item is purchased by a
16 veteran of the United States Armed Forces: food for human
17 consumption that is to be consumed off the premises where it is
18 sold (other than alcoholic beverages, soft drinks, and food
19 that has been prepared for immediate consumption) and
20 prescription and nonprescription medicines, drugs, medical
21 appliances, products classified as Class III medical devices by
22 the United States Food and Drug Administration that are used
23 for cancer treatment pursuant to a prescription, as well as any
24 accessories and components related to those devices,
25 modifications to a motor vehicle for the purpose of rendering
26 it usable by a person with a disability, and insulin, urine

1 testing materials, syringes, and needles used by diabetics, for
2 human use. During the week of Veterans Day each year, the tax
3 on general merchandise shall be imposed at the rate of 5% if
4 the merchandise is purchased by a veteran of the United States
5 Armed Forces. The exemption and reduction under this paragraph
6 is exempt from the provisions of Section 3-55.

7 Beginning on January 1, 2014 (the effective date of Public
8 Act 98-122), "prescription and nonprescription medicines and
9 drugs" includes medical cannabis purchased from a registered
10 dispensing organization under the Compassionate Use of Medical
11 Cannabis Pilot Program Act.

12 (Source: P.A. 99-143, eff. 7-27-15; 99-180, eff. 7-29-15;
13 99-642, eff. 7-28-16; 99-858, eff. 8-19-16; 100-22, eff.
14 7-6-17.)

15 Section 25. The Retailers' Occupation Tax Act is amended by
16 changing Section 2-10 as follows:

17 (35 ILCS 120/2-10)

18 Sec. 2-10. Rate of tax. Unless otherwise provided in this
19 Section, the tax imposed by this Act is at the rate of 6.25% of
20 gross receipts from sales of tangible personal property made in
21 the course of business.

22 Beginning on July 1, 2000 and through December 31, 2000,
23 with respect to motor fuel, as defined in Section 1.1 of the
24 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of

1 the Use Tax Act, the tax is imposed at the rate of 1.25%.

2 Beginning on August 6, 2010 through August 15, 2010, with
3 respect to sales tax holiday items as defined in Section 2-8 of
4 this Act, the tax is imposed at the rate of 1.25%.

5 Within 14 days after the effective date of this amendatory
6 Act of the 91st General Assembly, each retailer of motor fuel
7 and gasohol shall cause the following notice to be posted in a
8 prominently visible place on each retail dispensing device that
9 is used to dispense motor fuel or gasohol in the State of
10 Illinois: "As of July 1, 2000, the State of Illinois has
11 eliminated the State's share of sales tax on motor fuel and
12 gasohol through December 31, 2000. The price on this pump
13 should reflect the elimination of the tax." The notice shall be
14 printed in bold print on a sign that is no smaller than 4
15 inches by 8 inches. The sign shall be clearly visible to
16 customers. Any retailer who fails to post or maintain a
17 required sign through December 31, 2000 is guilty of a petty
18 offense for which the fine shall be \$500 per day per each
19 retail premises where a violation occurs.

20 With respect to gasohol, as defined in the Use Tax Act, the
21 tax imposed by this Act applies to (i) 70% of the proceeds of
22 sales made on or after January 1, 1990, and before July 1,
23 2003, (ii) 80% of the proceeds of sales made on or after July
24 1, 2003 and on or before July 1, 2017, and (iii) 100% of the
25 proceeds of sales made thereafter. If, at any time, however,
26 the tax under this Act on sales of gasohol, as defined in the

1 Use Tax Act, is imposed at the rate of 1.25%, then the tax
2 imposed by this Act applies to 100% of the proceeds of sales of
3 gasohol made during that time.

4 With respect to majority blended ethanol fuel, as defined
5 in the Use Tax Act, the tax imposed by this Act does not apply
6 to the proceeds of sales made on or after July 1, 2003 and on or
7 before December 31, 2023 but applies to 100% of the proceeds of
8 sales made thereafter.

9 With respect to biodiesel blends, as defined in the Use Tax
10 Act, with no less than 1% and no more than 10% biodiesel, the
11 tax imposed by this Act applies to (i) 80% of the proceeds of
12 sales made on or after July 1, 2003 and on or before December
13 31, 2018 and (ii) 100% of the proceeds of sales made
14 thereafter. If, at any time, however, the tax under this Act on
15 sales of biodiesel blends, as defined in the Use Tax Act, with
16 no less than 1% and no more than 10% biodiesel is imposed at
17 the rate of 1.25%, then the tax imposed by this Act applies to
18 100% of the proceeds of sales of biodiesel blends with no less
19 than 1% and no more than 10% biodiesel made during that time.

20 With respect to 100% biodiesel, as defined in the Use Tax
21 Act, and biodiesel blends, as defined in the Use Tax Act, with
22 more than 10% but no more than 99% biodiesel, the tax imposed
23 by this Act does not apply to the proceeds of sales made on or
24 after July 1, 2003 and on or before December 31, 2023 but
25 applies to 100% of the proceeds of sales made thereafter.

26 With respect to food for human consumption that is to be

1 consumed off the premises where it is sold (other than
2 alcoholic beverages, soft drinks, and food that has been
3 prepared for immediate consumption) and prescription and
4 nonprescription medicines, drugs, medical appliances, products
5 classified as Class III medical devices by the United States
6 Food and Drug Administration that are used for cancer treatment
7 pursuant to a prescription, as well as any accessories and
8 components related to those devices, modifications to a motor
9 vehicle for the purpose of rendering it usable by a person with
10 a disability, and insulin, urine testing materials, syringes,
11 and needles used by diabetics, for human use, the tax is
12 imposed at the rate of 1%. For the purposes of this Section,
13 until September 1, 2009: the term "soft drinks" means any
14 complete, finished, ready-to-use, non-alcoholic drink, whether
15 carbonated or not, including but not limited to soda water,
16 cola, fruit juice, vegetable juice, carbonated water, and all
17 other preparations commonly known as soft drinks of whatever
18 kind or description that are contained in any closed or sealed
19 bottle, can, carton, or container, regardless of size; but
20 "soft drinks" does not include coffee, tea, non-carbonated
21 water, infant formula, milk or milk products as defined in the
22 Grade A Pasteurized Milk and Milk Products Act, or drinks
23 containing 50% or more natural fruit or vegetable juice.

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "soft drinks" means non-alcoholic
26 beverages that contain natural or artificial sweeteners. "Soft

1 drinks" do not include beverages that contain milk or milk
2 products, soy, rice or similar milk substitutes, or greater
3 than 50% of vegetable or fruit juice by volume.

4 Until August 1, 2009, and notwithstanding any other
5 provisions of this Act, "food for human consumption that is to
6 be consumed off the premises where it is sold" includes all
7 food sold through a vending machine, except soft drinks and
8 food products that are dispensed hot from a vending machine,
9 regardless of the location of the vending machine. Beginning
10 August 1, 2009, and notwithstanding any other provisions of
11 this Act, "food for human consumption that is to be consumed
12 off the premises where it is sold" includes all food sold
13 through a vending machine, except soft drinks, candy, and food
14 products that are dispensed hot from a vending machine,
15 regardless of the location of the vending machine.

16 Notwithstanding any other provisions of this Act,
17 beginning September 1, 2009, "food for human consumption that
18 is to be consumed off the premises where it is sold" does not
19 include candy. For purposes of this Section, "candy" means a
20 preparation of sugar, honey, or other natural or artificial
21 sweeteners in combination with chocolate, fruits, nuts or other
22 ingredients or flavorings in the form of bars, drops, or
23 pieces. "Candy" does not include any preparation that contains
24 flour or requires refrigeration.

25 Notwithstanding any other provisions of this Act,
26 beginning September 1, 2009, "nonprescription medicines and

1 drugs" does not include grooming and hygiene products. For
2 purposes of this Section, "grooming and hygiene products"
3 includes, but is not limited to, soaps and cleaning solutions,
4 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
5 lotions and screens, unless those products are available by
6 prescription only, regardless of whether the products meet the
7 definition of "over-the-counter-drugs". For the purposes of
8 this paragraph, "over-the-counter-drug" means a drug for human
9 use that contains a label that identifies the product as a drug
10 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
11 label includes:

12 (A) A "Drug Facts" panel; or

13 (B) A statement of the "active ingredient(s)" with a
14 list of those ingredients contained in the compound,
15 substance or preparation.

16 Notwithstanding any other provision of law, during the week
17 of Veterans Day each year, the following items are exempt from
18 the tax imposed under this Act if the item is purchased by a
19 veteran of the United States Armed Forces: food for human
20 consumption that is to be consumed off the premises where it is
21 sold (other than alcoholic beverages, soft drinks, and food
22 that has been prepared for immediate consumption) and
23 prescription and nonprescription medicines, drugs, medical
24 appliances, products classified as Class III medical devices by
25 the United States Food and Drug Administration that are used
26 for cancer treatment pursuant to a prescription, as well as any

1 accessories and components related to those devices,
2 modifications to a motor vehicle for the purpose of rendering
3 it usable by a person with a disability, and insulin, urine
4 testing materials, syringes, and needles used by diabetics, for
5 human use. During the week of Veterans Day each year, the tax
6 on general merchandise shall be imposed at the rate of 5% if
7 the merchandise is purchased by a veteran of the United States
8 Armed Forces. The exemption and reduction under this paragraph
9 is exempt from the provisions of Section 2-70.

10 Beginning on the effective date of this amendatory Act of
11 the 98th General Assembly, "prescription and nonprescription
12 medicines and drugs" includes medical cannabis purchased from a
13 registered dispensing organization under the Compassionate Use
14 of Medical Cannabis Pilot Program Act.

15 (Source: P.A. 99-143, eff. 7-27-15; 99-858, eff. 8-19-16;
16 100-22, eff. 7-6-17.)

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