



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB0052

Introduced 1/16/2013, by Sen. John M. Sullivan

SYNOPSIS AS INTRODUCED:

20 ILCS 689/15	
20 ILCS 689/20	
35 ILCS 105/3-10	
35 ILCS 105/3-40	from Ch. 120, par. 439.3-40
35 ILCS 105/3-44	
35 ILCS 105/3-44.6 new	
35 ILCS 105/3-44.7 new	
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, on or after July 1, 2013 and on or before December 31, 2018, the taxes imposed under the Acts apply to (i) 90% of the proceeds of sales of gasohol, (ii) 80% of the proceeds of sales of E20 blended ethanol fuel, and (iii) 60% of the proceeds of sales of E30 blended ethanol fuel. Amends the Illinois Renewable Fuels Development Program Act. Provides that grants may be awarded for the following programs: a next generation renewable fuels program, a majority blended ethanol and blender pump infrastructure program, and a research and development program for sustainable corn production and corn-based renewable fuel production. Sets forth the maximum aggregate amount of grants that may be awarded under each program. Effective immediately.

LRB098 05107 HLH 35138 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 Illinois Renewable Fuels Development
5 Program Act is amended by changing Sections 15 and 20 as
6 follows:

7 (20 ILCS 689/15)

8 Sec. 15. Illinois Renewable Fuels Development Program.

9 (a) The Department must develop and administer the Illinois
10 Renewable Fuels Development Program to assist in the
11 construction, modification, alteration, or retrofitting of
12 renewable fuel plants in Illinois. The recipient of a grant
13 under this Section must:

14 (1) be constructing, modifying, altering, or
15 retrofitting a plant in the State of Illinois;

16 (2) be constructing, modifying, altering, or
17 retrofitting a plant that has annual production capacity of
18 no less than 5,000,000 gallons of renewable fuel per year;
19 and

20 (3) enter into a project labor agreement, whenever
21 practicable, as prescribed by Section 25 of this Act.

22 (b) Grant applications must be made on forms provided by
23 and in accordance with procedures established by the

1 Department.

2 (c) The Department must give preference to applicants that
3 use Illinois agricultural products in the production of
4 renewable fuel at the plant for which the grant is being
5 requested.

6 (Source: P.A. 96-140, eff. 1-1-10.)

7 (20 ILCS 689/20)

8 Sec. 20. Grants. Subject to appropriation, the Director is
9 authorized to award grants to eligible applicants for the
10 following programs.

11 (1) Next generation ethanol/renewable fuels. Eligible
12 next generation ethanol/renewable fuel projects include
13 those renewable fuel facilities installing new
14 technologies to reduce water and energy usage as well as
15 technologies to reduce greenhouse gas emissions. Projects
16 that will result in more efficient processes, new
17 co-products, fuels and chemicals are also eligible for
18 funding. The annual aggregate amount of grants awarded
19 under this item (1) for next generation ethanol/renewable
20 fuel projects shall not exceed \$15,000,000.

21 (2) Majority blended ethanol and blender pump
22 infrastructure program. The Department shall establish a
23 grant program to provide funds for the installation of
24 majority blended ethanol and blender pump fueling
25 facilities. The annual aggregate amount of grants awarded

1 under this item (2) shall not exceed \$5,000,000.

2 (3) Research and development program for sustainable
3 corn production and corn-based renewable fuel production.

4 The Department shall establish a grant program to provide
5 funds for research and development projects to reduce the
6 carbon footprint of corn based renewable fuels through new
7 co-products, new process technologies, and new fuels. The

8 Department shall also establish a grant program to fund
9 research on increasing the sustainability of corn
10 production through better nitrogen utilization, new best

11 management practices for improved soil health, water
12 conservation, and reduced environmental concerns. Eligible
13 projects include those that will increase corn

14 productivity with lower inputs and less risk. The annual
15 aggregate amount of grants awarded under this item (3)
16 shall not exceed \$5,000,000.

17 ~~The annual aggregate amount of grants awarded shall not exceed~~
18 ~~\$20,000,000, except that this amount does not include amounts,~~
19 ~~up to \$4,000,000 per grant, that may be awarded to each~~
20 ~~eligible applicant who installs advanced technologies for~~
21 ~~water usage, carbon footprint reduction, and other blending~~
22 ~~improvements designed to optimize processes at the applicant's~~
23 ~~renewable fuels facility.~~

24 (Source: P.A. 96-173, eff. 8-10-09.)

25 Section 10. The Use Tax Act is amended by changing Sections

1 3-10, 3-40, and 3-44 and by adding Sections 3-44.6 and 3-44.7
2 as follows:

3 (35 ILCS 105/3-10)

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

25 Beginning on July 1, 2000 and through December 31, 2000,

1 with respect to motor fuel, as defined in Section 1.1 of the
2 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
3 the Use Tax Act, the tax is imposed at the rate of 1.25%.

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

7 With respect to gasohol, the tax imposed by this Act
8 applies to (i) 70% of the proceeds of sales made on or after
9 January 1, 1990, and before July 1, 2003, (ii) 80% of the
10 proceeds of sales made on or after July 1, 2003 and on or
11 before June 30, 2013, (iii) 90% of the proceeds of sales made
12 on or after July 1, 2013 and on or before December 31, 2018,
13 and (iv) ~~(iii)~~ 100% of the proceeds of sales made thereafter.
14 If, at any time, however, the tax under this Act on sales of
15 gasohol is imposed at the rate of 1.25%, then the tax imposed
16 by this Act applies to 100% of the proceeds of sales of gasohol
17 made during that time.

18 With respect to E20 blended ethanol fuel, the tax imposed
19 by this Act applies to (i) 80% of the proceeds of sales made on
20 or after July 1, 2013 and on or before December 31, 2018 and
21 (ii) 100% of the proceeds of sales made thereafter. If, at any
22 time, however, the tax under this Act on sales of E20 blended
23 ethanol fuel is imposed at the rate of 1.25%, then the tax
24 imposed by this Act applies to 100% of the proceeds of sales of
25 E20 blended ethanol fuel made during that time.

26 With respect to E30 blended ethanol fuel, the tax imposed

1 by this Act applies to (i) 60% of the proceeds of sales made on
2 or after July 1, 2013 and on or before December 31, 2018 and
3 (ii) 100% of the proceeds of sales made thereafter. If, at any
4 time, however, the tax under this Act on sales of E30 blended
5 ethanol fuel is imposed at the rate of 1.25%, then the tax
6 imposed by this Act applies to 100% of the proceeds of sales of
7 E30 blended ethanol fuel made during that time.

8 With respect to majority blended ethanol fuel, the tax
9 imposed by this Act does not apply to the proceeds of sales
10 made on or after July 1, 2003 and on or before December 31,
11 2018 but applies to 100% of the proceeds of sales made
12 thereafter.

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

23 With respect to 100% biodiesel and biodiesel blends with
24 more than 10% but no more than 99% biodiesel, the tax imposed
25 by this Act does not apply to the proceeds of sales made on or
26 after July 1, 2003 and on or before December 31, 2018 but

1 applies to 100% of the proceeds of sales made thereafter.

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

23 Notwithstanding any other provisions of this Act,
24 beginning September 1, 2009, "soft drinks" means non-alcoholic
25 beverages that contain natural or artificial sweeteners. "Soft
26 drinks" do not include beverages that contain milk or milk

1 products, soy, rice or similar milk substitutes, or greater
2 than 50% of vegetable or fruit juice by volume.

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

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

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "nonprescription medicines and
26 drugs" does not include grooming and hygiene products. For

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

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

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

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

22 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38,
23 eff. 7-13-09; 96-1000, eff. 7-2-10; 96-1012, eff. 7-7-10;
24 97-636, eff. 6-1-12.)

25 (35 ILCS 105/3-40) (from Ch. 120, par. 439.3-40)

1 Sec. 3-40. Gasohol. As used in this Act, "gasohol" means
2 motor fuel that is a denatured ethanol and gasoline blend ~~of~~
3 ~~denatured ethanol and gasoline~~ that contains (i) no more than
4 1.25% water by weight and (ii) the maximum proportion of
5 ethanol authorized by the United States Environmental
6 Protection Agency under Section 211 of the Clean Air Act. ~~The~~
7 ~~blend must contain 90% gasoline and 10% denatured ethanol.~~ A
8 maximum of one percent error factor in the amount of denatured
9 ethanol used in the blend is allowable to compensate for
10 blending equipment variations. Any person who knowingly sells
11 or represents as gasohol any fuel that does not qualify as
12 gasohol under this Act is guilty of a business offense and
13 shall be fined not more than \$100 for each day that the sale or
14 representation takes place after notification from the
15 Department of Agriculture that the fuel in question does not
16 qualify as gasohol.

17 (Source: P.A. 93-724, eff. 7-13-04.)

18 (35 ILCS 105/3-44)

19 Sec. 3-44. Majority blended ethanol fuel. "Majority
20 blended ethanol fuel" means motor fuel that (i) contains not
21 less than 51% and no more than 83% by volume ethanol, as
22 specified in ASTM Standard DS798-11 and (ii) is capable of
23 being used in the operation of flexible fuel vehicles. ~~70% and~~
24 ~~no more than 90% denatured ethanol and no less than 10% and no~~
25 ~~more than 30% gasoline.~~

1 (Source: P.A. 93-17, eff. 6-11-03.)

2 (35 ILCS 105/3-44.6 new)

3 Sec. 3-44.6. E20 blended ethanol fuel. "E20 blended ethanol
4 fuel" means a blend of 20% denatured ethanol, ASTM Standard D
5 4806, and 80% gasoline for use in flexible fuel vehicles.

6 (35 ILCS 105/3-44.7 new)

7 Sec. 3-44.7. E30 blended ethanol fuel. "E30 blended ethanol
8 fuel" means a blend of 30% denatured ethanol, ASTM Standard D
9 4806, and 70% gasoline for use in flexible fuel vehicles.

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

12 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

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

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

1 With respect to gasohol, as defined in the Use Tax Act, the
2 tax imposed by this Act applies to (i) 70% of the selling price
3 of property transferred as an incident to the sale of service
4 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
5 of 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 June 30, 2013, (iii) 90% of the selling price of property
8 transferred as an incident to the sale of service on or after
9 July 1, 2013, and on or before December 31, 2018, and (iv)
10 ~~(iii)~~ 100% of the selling price thereafter. If, at any time,
11 however, the tax under this Act on sales of gasohol, as defined
12 in the Use Tax Act, is imposed at the rate of 1.25%, then the
13 tax imposed by this Act applies to 100% of the proceeds of
14 sales of gasohol made during that time.

15 With respect to E20 blended ethanol fuel, as defined in the
16 Use Tax Act, the tax imposed by this Act applies to (i) 80% of
17 the selling price of property transferred as an incident to the
18 sale of service on or after July 1, 2013 and on or before
19 December 31, 2018 and (ii) 100% of the selling price
20 thereafter. If, at any time, however, the tax under this Act on
21 sales of E20 blended ethanol fuel is imposed at the rate of
22 1.25%, then the tax imposed by this Act applies to 100% of the
23 proceeds of sales of E20 blended ethanol fuel made during that
24 time.

25 With respect to E30 blended ethanol fuel, as defined in the
26 Use Tax Act, the tax imposed by this Act applies to (i) 60% of

1 the selling price of property transferred as an incident to the
2 sale of service on or after July 1, 2013 and on or before
3 December 31, 2018 and (ii) 100% of the selling price
4 thereafter. If, at any time, however, the tax under this Act on
5 sales of E30 blended ethanol fuel is imposed at the rate of
6 1.25%, then the tax imposed by this Act applies to 100% of the
7 proceeds of sales of E30 blended ethanol fuel made during that
8 time.

9 With respect to majority blended ethanol fuel, as defined
10 in the Use Tax Act, the tax imposed by this Act does not apply
11 to the selling price of property transferred as an incident to
12 the sale of service on or after July 1, 2003 and on or before
13 December 31, 2018 but applies to 100% of the selling price
14 thereafter.

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

1 With respect to 100% biodiesel, as defined in the Use Tax
2 Act, and biodiesel blends, as defined in the Use Tax Act, with
3 more than 10% but no more than 99% biodiesel, the tax imposed
4 by this Act does not apply to the proceeds of the selling price
5 of property transferred as an incident to the sale of service
6 on or after July 1, 2003 and on or before December 31, 2018 but
7 applies to 100% of the selling price thereafter.

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

18 The tax shall be imposed at the rate of 1% on food prepared
19 for immediate consumption and transferred incident to a sale of
20 service subject to this Act or the Service Occupation Tax Act
21 by an entity licensed under the Hospital Licensing Act, the
22 Nursing Home Care Act, the ID/DD Community Care Act, the
23 Specialized Mental Health Rehabilitation Act, or the Child Care
24 Act of 1969. The tax shall also be imposed at the rate of 1% on
25 food for human consumption that is to be consumed off the
26 premises where it is sold (other than alcoholic beverages, soft

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

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

25 Until August 1, 2009, and notwithstanding any other
26 provisions of this Act, "food for human consumption that is to

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

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

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

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

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

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

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

18 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38,
19 eff. 7-13-09; 96-339, eff. 7-1-10; 96-1000, eff. 7-2-10; 97-38,
20 eff. 6-28-11; 97-227, eff. 1-1-12; 97-636, eff. 6-1-12.)

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

23 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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

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

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

1 incident to the sale of service on or after July 1, 2003 and on
2 or before June 30, 2013, (iii) 90% of the selling price of
3 property transferred as an incident to the sale of service on
4 or after July 1, 2013, and on or before December 31, 2018, and
5 (iv) ~~(iii)~~ 100% of the cost price thereafter. If, at any time,
6 however, the tax under this Act on sales of gasohol, as defined
7 in the Use Tax Act, is imposed at the rate of 1.25%, then the
8 tax imposed by this Act applies to 100% of the proceeds of
9 sales of gasohol made during that time.

10 With respect to E20 blended ethanol fuel, as defined in the
11 Use Tax Act, the tax imposed by this Act applies to (i) 80% of
12 the selling price of property transferred as an incident to the
13 sale of service on or after July 1, 2013 and on or before
14 December 31, 2018 and (ii) 100% of the selling price
15 thereafter. If, at any time, however, the tax under this Act on
16 sales of E20 blended ethanol fuel is imposed at the rate of
17 1.25%, then the tax imposed by this Act applies to 100% of the
18 proceeds of sales of E20 blended ethanol fuel made during that
19 time.

20 With respect to E30 blended ethanol fuel, as defined in the
21 Use Tax Act, the tax imposed by this Act applies to (i) 60% of
22 the selling price of property transferred as an incident to the
23 sale of service on or after July 1, 2013 and on or before
24 December 31, 2018 and (ii) 100% of the selling price
25 thereafter. If, at any time, however, the tax under this Act on
26 sales of E30 blended ethanol fuel is imposed at the rate of

1 1.25%, then the tax imposed by this Act applies to 100% of the
2 proceeds of sales of E30 blended ethanol fuel made during that
3 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 selling price of property transferred as an incident to
7 the sale of service on or after July 1, 2003 and on or before
8 December 31, 2018 but applies to 100% of the selling price
9 thereafter.

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

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

1 sale of service on or after July 1, 2003 and on or before
2 December 31, 2018 but applies to 100% of the selling price
3 thereafter.

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

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

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

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

21 Until August 1, 2009, and notwithstanding any other
22 provisions of this Act, "food for human consumption that is to
23 be consumed off the premises where it is sold" includes all
24 food sold through a vending machine, except soft drinks and
25 food products that are dispensed hot from a vending machine,
26 regardless of the location of the vending machine. Beginning

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

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

16 Notwithstanding any other provisions of this Act,
17 beginning September 1, 2009, "nonprescription medicines and
18 drugs" does not include grooming and hygiene products. For
19 purposes of this Section, "grooming and hygiene products"
20 includes, but is not limited to, soaps and cleaning solutions,
21 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
22 lotions and screens, unless those products are available by
23 prescription only, regardless of whether the products meet the
24 definition of "over-the-counter-drugs". For the purposes of
25 this paragraph, "over-the-counter-drug" means a drug for human
26 use that contains a label that identifies the product as a drug

1 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
2 label includes:

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

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

7 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38,
8 eff. 7-13-09; 96-339, eff. 7-1-10; 96-1000, eff. 7-2-10; 97-38,
9 eff. 6-28-11; 97-227, eff. 1-1-12; 97-636, eff. 6-1-12.)

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

12 (35 ILCS 120/2-10)

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

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

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

24 Within 14 days after the effective date of this amendatory

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

15 With respect to gasohol, as defined in the Use Tax Act, the
16 tax imposed by this Act applies to (i) 70% of the proceeds of
17 sales made on or after January 1, 1990, and before July 1,
18 2003, (ii) 80% of the proceeds of sales made on or after July
19 1, 2003 and on or before June 30, 2013, (iii) 90% of the
20 proceeds of sales made on or after July 1, 2013, and on or
21 before December 31, 2018, and (iv) ~~(iii)~~ 100% of the proceeds
22 of sales made thereafter. If, at any time, however, the tax
23 under this Act on sales of gasohol, as defined in the Use Tax
24 Act, is imposed at the rate of 1.25%, then the tax imposed by
25 this Act applies to 100% of the proceeds of sales of gasohol
26 made during that time.

1 With respect to E20 blended ethanol fuel, as defined in the
2 Use Tax Act, the tax imposed by this Act applies to (i) 80% of
3 the proceeds of sales made on or after July 1, 2013 and on or
4 before December 31, 2018 and (ii) 100% of the proceeds of sales
5 made thereafter. If, at any time, however, the tax under this
6 Act on sales of E20 blended ethanol fuel is imposed at the rate
7 of 1.25%, then the tax imposed by this Act applies to 100% of
8 the proceeds of sales of E20 blended ethanol fuel made during
9 that time.

10 With respect to E30 blended ethanol fuel, as defined in the
11 Use Tax Act, the tax imposed by this Act applies to (i) 60% of
12 the proceeds of sales made on or after July 1, 2013 and on or
13 before December 31, 2018 and (ii) 100% of the proceeds of sales
14 made thereafter. If, at any time, however, the tax under this
15 Act on sales of E30 blended ethanol fuel is imposed at the rate
16 of 1.25%, then the tax imposed by this Act applies to 100% of
17 the proceeds of sales of E30 blended ethanol fuel made during
18 that time.

19 With respect to majority blended ethanol fuel, as defined
20 in the Use Tax Act, the tax imposed by this Act does not apply
21 to the proceeds of sales made on or after July 1, 2003 and on or
22 before December 31, 2018 but applies to 100% of the proceeds of
23 sales made thereafter.

24 With respect to biodiesel blends, as defined in the Use Tax
25 Act, with no less than 1% and no more than 10% biodiesel, the
26 tax imposed by this Act applies to (i) 80% of the proceeds of

1 sales made on or after July 1, 2003 and on or before December
2 31, 2018 and (ii) 100% of the proceeds of sales made
3 thereafter. If, at any time, however, the tax under this Act on
4 sales of biodiesel blends, as defined in the Use Tax Act, with
5 no less than 1% and no more than 10% biodiesel is imposed at
6 the rate of 1.25%, then the tax imposed by this Act applies to
7 100% of the proceeds of sales of biodiesel blends with no less
8 than 1% and no more than 10% biodiesel made during that time.

9 With respect to 100% biodiesel, as defined in the Use Tax
10 Act, and biodiesel blends, as defined in the Use Tax Act, with
11 more than 10% but no more than 99% biodiesel, the tax imposed
12 by this Act does not apply to the proceeds of sales made on or
13 after July 1, 2003 and on or before December 31, 2018 but
14 applies to 100% of the proceeds of sales made thereafter.

15 With respect to food for human consumption that is to be
16 consumed off the premises where it is sold (other than
17 alcoholic beverages, soft drinks, and food that has been
18 prepared for immediate consumption) and prescription and
19 nonprescription medicines, drugs, medical appliances,
20 modifications to a motor vehicle for the purpose of rendering
21 it usable by a disabled person, and insulin, urine testing
22 materials, syringes, and needles used by diabetics, for human
23 use, the tax is imposed at the rate of 1%. For the purposes of
24 this Section, until September 1, 2009: the term "soft drinks"
25 means any complete, finished, ready-to-use, non-alcoholic
26 drink, whether carbonated or not, including but not limited to

1 soda water, cola, fruit juice, vegetable juice, carbonated
2 water, and all other preparations commonly known as soft drinks
3 of whatever kind or description that are contained in any
4 closed or sealed bottle, can, carton, or container, regardless
5 of size; but "soft drinks" does not include coffee, tea,
6 non-carbonated water, infant formula, milk or milk products as
7 defined in the Grade A Pasteurized Milk and Milk Products Act,
8 or drinks containing 50% or more natural fruit or vegetable
9 juice.

10 Notwithstanding any other provisions of this Act,
11 beginning September 1, 2009, "soft drinks" means non-alcoholic
12 beverages that contain natural or artificial sweeteners. "Soft
13 drinks" do not include beverages that contain milk or milk
14 products, soy, rice or similar milk substitutes, or greater
15 than 50% of vegetable or fruit juice by volume.

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

1 regardless of the location of the vending machine.

2 Notwithstanding any other provisions of this Act,
3 beginning September 1, 2009, "food for human consumption that
4 is to be consumed off the premises where it is sold" does not
5 include candy. For purposes of this Section, "candy" means a
6 preparation of sugar, honey, or other natural or artificial
7 sweeteners in combination with chocolate, fruits, nuts or other
8 ingredients or flavorings in the form of bars, drops, or
9 pieces. "Candy" does not include any preparation that contains
10 flour or requires refrigeration.

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

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

25 (B) A statement of the "active ingredient(s)" with a
26 list of those ingredients contained in the compound,

1 substance or preparation.

2 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38,
3 eff. 7-13-09; 96-1000, eff. 7-2-10; 96-1012, eff. 7-7-10;
4 97-636, eff. 6-1-12.)

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.