



## 104TH GENERAL ASSEMBLY

### State of Illinois

### 2025 and 2026

#### HB4101

Introduced 10/15/2025, by Rep. Maurice A. West, II

#### SYNOPSIS AS INTRODUCED:

|                  |                              |
|------------------|------------------------------|
| 35 ILCS 105/3-6  |                              |
| 35 ILCS 105/3-10 | from Ch. 120, par. 439.33-10 |
| 35 ILCS 120/2-8  |                              |
| 35 ILCS 120/2-10 | from Ch. 120, par. 441-10    |

Amends the Use Tax Act and the Retailers' Occupation Tax Act. Provides that the sales tax holiday period under those Acts applies from August 5 through August 14 of 2026 and from August 5 through August 14 of each year thereafter. Effective immediately.

LRB104 14805 HLH 27948 b

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 Use Tax Act is amended by changing Sections  
5 3-6 and 3-10 as follows:

6 (35 ILCS 105/3-6)

7 Sec. 3-6. Sales tax holiday items.

8 (a) Any tangible personal property described in this  
9 subsection is a sales tax holiday item and qualifies for the  
10 1.25% reduced rate of tax during ~~for the period set forth in~~  
11 ~~Section 3-10 of this Act (hereinafter referred to as the Sales~~  
12 ~~Tax Holiday Period)~~. The reduced rate on these items shall be  
13 administered under the provisions of subsection (b) of this  
14 Section. The following items are subject to the reduced rate:

15 (1) Clothing items that each have a retail selling  
16 price of less than \$125.

17 "Clothing" means, unless otherwise specified in this  
18 Section, all human wearing apparel suitable for general  
19 use. "Clothing" does not include clothing accessories,  
20 protective equipment, or sport or recreational equipment.  
21 "Clothing" includes, but is not limited to: household and  
22 shop aprons; athletic supporters; bathing suits and caps;  
23 belts and suspenders; boots; coats and jackets; ear muffs;

1 footlets; gloves and mittens for general use; hats and  
2 caps; hosiery; insoles for shoes; lab coats; neckties;  
3 overshoes; pantyhose; rainwear; rubber pants; sandals;  
4 scarves; shoes and shoelaces; slippers; sneakers; socks  
5 and stockings; steel-toed shoes; underwear; and school  
6 uniforms.

7 "Clothing accessories" means, but is not limited to:  
8 briefcases; cosmetics; hair notions, including, but not  
9 limited to barrettes, hair bows, and hair nets; handbags;  
10 handkerchiefs; jewelry; non-prescription sunglasses;  
11 umbrellas; wallets; watches; and wigs and hair pieces.

12 "Protective equipment" means, but is not limited to:  
13 breathing masks; clean room apparel and equipment; ear and  
14 hearing protectors; face shields; hard hats; helmets;  
15 paint or dust respirators; protective gloves; safety  
16 glasses and goggles; safety belts; tool belts; and  
17 welder's gloves and masks.

18 "Sport or recreational equipment" means, but is not  
19 limited to: ballet and tap shoes; cleated or spiked  
20 athletic shoes; gloves, including, but not limited to,  
21 baseball, bowling, boxing, hockey, and golf gloves;  
22 goggles; hand and elbow guards; life preservers and vests;  
23 mouth guards; roller and ice skates; shin guards; shoulder  
24 pads; ski boots; waders; and wetsuits and fins.

25 (2) School supplies. "School supplies" means, unless  
26 otherwise specified in this Section, items used by a

1 student in a course of study. The purchase of school  
2 supplies for use by persons other than students for use in  
3 a course of study are not eligible for the reduced rate of  
4 tax. "School supplies" do not include school art supplies;  
5 school instructional materials; cameras; film and memory  
6 cards; videocameras, tapes, and videotapes; computers;  
7 cell phones; Personal Digital Assistants (PDAs); handheld  
8 electronic schedulers; and school computer supplies.

9 "School supplies" includes, but is not limited to:  
10 binders; book bags; calculators; cellophane tape;  
11 blackboard chalk; compasses; composition books; crayons;  
12 erasers; expandable, pocket, plastic, and manila folders;  
13 glue, paste, and paste sticks; highlighters; index cards;  
14 index card boxes; legal pads; lunch boxes; markers;  
15 notebooks; paper, including loose leaf ruled notebook  
16 paper, copy paper, graph paper, tracing paper, manila  
17 paper, colored paper, poster board, and construction  
18 paper; pencils; pencil leads; pens; ink and ink refills  
19 for pens; pencil boxes and other school supply boxes;  
20 pencil sharpeners; protractors; rulers; scissors; and  
21 writing tablets.

22 "School art supply" means an item commonly used by a  
23 student in a course of study for artwork and includes only  
24 the following items: clay and glazes; acrylic, tempera,  
25 and oil paint; paintbrushes for artwork; sketch and  
26 drawing pads; and watercolors.

1 "School instructional material" means written material  
2 commonly used by a student in a course of study as a  
3 reference and to learn the subject being taught and  
4 includes only the following items: reference books;  
5 reference maps and globes; textbooks; and workbooks.

6 "School computer supply" means an item commonly used  
7 by a student in a course of study in which a computer is  
8 used and applies only to the following items: flashdrives  
9 and other computer data storage devices; data storage  
10 media, such as diskettes and compact disks; boxes and  
11 cases for disk storage; external ports or drives; computer  
12 cases; computer cables; computer printers; and printer  
13 cartridges, toner, and ink.

14 (b) Administration. Notwithstanding any other provision of  
15 this Act, the reduced rate of tax under Section 3-10 of this  
16 Act for clothing and school supplies shall be administered by  
17 the Department under the provisions of this subsection (b).

18 (1) Bundled sales. Items that qualify for the reduced  
19 rate of tax that are bundled together with items that do  
20 not qualify for the reduced rate of tax and that are sold  
21 for one itemized price will be subject to the reduced rate  
22 of tax only if the value of the items that qualify for the  
23 reduced rate of tax exceeds the value of the items that do  
24 not qualify for the reduced rate of tax.

25 (2) Coupons and discounts. An unreimbursed discount by  
26 the seller reduces the sales price of the property so that

1 the discounted sales price determines whether the sales  
2 price is within a sales tax holiday price threshold. A  
3 coupon or other reduction in the sales price is treated as  
4 a discount if the seller is not reimbursed for the coupon  
5 or reduction amount by a third party.

6 (3) Splitting of items normally sold together.  
7 Articles that are normally sold as a single unit must  
8 continue to be sold in that manner. Such articles cannot  
9 be priced separately and sold as individual items in order  
10 to obtain the reduced rate of tax. For example, a pair of  
11 shoes cannot have each shoe sold separately so that the  
12 sales price of each shoe is within a sales tax holiday  
13 price threshold.

14 (4) Rain checks. A rain check is a procedure that  
15 allows a customer to purchase an item at a certain price at  
16 a later time because the particular item was out of stock.  
17 Eligible property that customers purchase during the Sales  
18 Tax Holiday Period with the use of a rain check will  
19 qualify for the reduced rate of tax regardless of when the  
20 rain check was issued. Issuance of a rain check during the  
21 Sales Tax Holiday Period will not qualify eligible  
22 property for the reduced rate of tax if the property is  
23 actually purchased after the Sales Tax Holiday Period.

24 (5) Exchanges. The procedure for an exchange in  
25 regards to a sales tax holiday is as follows:

26 (A) If a customer purchases an item of eligible

1 property during the Sales Tax Holiday Period, but  
2 later exchanges the item for a similar eligible item,  
3 even if a different size, different color, or other  
4 feature, no additional tax is due even if the exchange  
5 is made after the Sales Tax Holiday Period.

6 (B) If a customer purchases an item of eligible  
7 property during the Sales Tax Holiday Period, but  
8 after the Sales Tax Holiday Period has ended, the  
9 customer returns the item and receives credit on the  
10 purchase of a different item, the 6.25% general  
11 merchandise sales tax rate is due on the sale of the  
12 newly purchased item.

13 (C) If a customer purchases an item of eligible  
14 property before the Sales Tax Holiday Period, but  
15 during the Sales Tax Holiday Period the customer  
16 returns the item and receives credit on the purchase  
17 of a different item of eligible property, the reduced  
18 rate of tax is due on the sale of the new item if the  
19 new item is purchased during the Sales Tax Holiday  
20 Period.

21 (6) (Blank).

22 (7) Order date and back orders. For the purpose of a  
23 sales tax holiday, eligible property qualifies for the  
24 reduced rate of tax if: (i) the item is both delivered to  
25 and paid for by the customer during the Sales Tax Holiday  
26 Period or (ii) the customer orders and pays for the item

1 and the seller accepts the order during the Sales Tax  
2 Holiday Period for immediate shipment, even if delivery is  
3 made after the Sales Tax Holiday Period. The seller  
4 accepts an order when the seller has taken action to fill  
5 the order for immediate shipment. Actions to fill an order  
6 include placement of an "in date" stamp on an order or  
7 assignment of an "order number" to an order within the  
8 Sales Tax Holiday Period. An order is for immediate  
9 shipment when the customer does not request delayed  
10 shipment. An order is for immediate shipment  
11 notwithstanding that the shipment may be delayed because  
12 of a backlog of orders or because stock is currently  
13 unavailable to, or on back order by, the seller.

14 (8) Returns. For a 60-day period immediately after the  
15 Sales Tax Holiday Period, if a customer returns an item  
16 that would qualify for the reduced rate of tax, credit for  
17 or refund of sales tax shall be given only at the reduced  
18 rate unless the customer provides a receipt or invoice  
19 that shows tax was paid at the 6.25% general merchandise  
20 rate, or the seller has sufficient documentation to show  
21 that tax was paid at the 6.25% general merchandise rate on  
22 the specific item. This 60-day period is set solely for  
23 the purpose of designating a time period during which the  
24 customer must provide documentation that shows that the  
25 appropriate sales tax rate was paid on returned  
26 merchandise. The 60-day period is not intended to change a

1 seller's policy on the time period during which the seller  
2 will accept returns.

3 (c) The Department may implement the provisions of this  
4 Section through the use of emergency rules, along with  
5 permanent rules filed concurrently with such emergency rules,  
6 in accordance with the provisions of Section 5-45 of the  
7 Illinois Administrative Procedure Act. For purposes of the  
8 Illinois Administrative Procedure Act, the adoption of rules  
9 to implement the provisions of this Section shall be deemed an  
10 emergency and necessary for the public interest, safety, and  
11 welfare.

12 (d) As used in this Section:

13 "Sales Tax Holiday Period" means:

14 (1) August 6, 2010 through August 15, 2010;

15 (2) August 5, 2022 through August 14, 2022;

16 (3) August 5, 2026 through August 14, 2026; and

17 (4) August 5 through August 14 of each year  
18 thereafter.

19 (e) This Section is exempt from the provisions of Section  
20 3-90.

21 (Source: P.A. 102-700, eff. 4-19-22.)

22 (35 ILCS 105/3-10) from Ch. 120, par. 439.33-10

23 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
24 Section, the tax imposed by this Act is at the rate of 6.25% of  
25 either the selling price or the fair market value, if any, of

1 the tangible personal property, which, on and after January 1,  
2 2025, includes leases of tangible personal property. In all  
3 cases where property functionally used or consumed is the same  
4 as the property that was purchased at retail, then the tax is  
5 imposed on the selling price of the property. In all cases  
6 where property functionally used or consumed is a by-product  
7 or waste product that has been refined, manufactured, or  
8 produced from property purchased at retail, then the tax is  
9 imposed on the lower of the fair market value, if any, of the  
10 specific property so used in this State or on the selling price  
11 of the property purchased at retail. For purposes of this  
12 Section "fair market value" means the price at which property  
13 would change hands between a willing buyer and a willing  
14 seller, neither being under any compulsion to buy or sell and  
15 both having reasonable knowledge of the relevant facts. The  
16 fair market value shall be established by Illinois sales by  
17 the taxpayer of the same property as that functionally used or  
18 consumed, or if there are no such sales by the taxpayer, then  
19 comparable sales or purchases of property of like kind and  
20 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 During the Sales Tax Holiday Period, as defined in Section  
26 3-6, Beginning on August 6, 2010 through August 15, 2010, and

1 ~~beginning again on August 5, 2022 through August 14, 2022,~~  
2 with respect to sales tax holiday items as defined in Section  
3 3-6 of this Act, the tax is imposed at the rate of 1.25%.

4 With respect to gasohol, the tax imposed by this Act  
5 applies to (i) 70% of the proceeds of sales made on or after  
6 January 1, 1990, and before July 1, 2003, (ii) 80% of the  
7 proceeds of sales made on or after July 1, 2003 and on or  
8 before July 1, 2017, (iii) 100% of the proceeds of sales made  
9 after July 1, 2017 and prior to January 1, 2024, (iv) 90% of  
10 the proceeds of sales made on or after January 1, 2024 and on  
11 or before December 31, 2028, and (v) 100% of the proceeds of  
12 sales made after December 31, 2028. If, at any time, however,  
13 the tax under this Act on sales of gasohol is imposed at the  
14 rate of 1.25%, then the tax imposed by this Act applies to 100%  
15 of the proceeds of sales of gasohol made during that time.

16 With respect to mid-range ethanol blends, the tax imposed  
17 by this Act applies to (i) 80% of the proceeds of sales made on  
18 or after January 1, 2024 and on or before December 31, 2028 and  
19 (ii) 100% of the proceeds of sales made thereafter. If, at any  
20 time, however, the tax under this Act on sales of mid-range  
21 ethanol blends is imposed at the rate of 1.25%, then the tax  
22 imposed by this Act applies to 100% of the proceeds of sales of  
23 mid-range ethanol blends made during that time.

24 With respect to majority blended ethanol fuel, the tax  
25 imposed by this Act does not apply to the proceeds of sales  
26 made on or after July 1, 2003 and on or before December 31,

1 2028 but applies to 100% of the proceeds of sales made  
2 thereafter.

3 With respect to biodiesel blends with no less than 1% and  
4 no more than 10% biodiesel, the tax imposed by this Act applies  
5 to (i) 80% of the proceeds of sales made on or after July 1,  
6 2003 and on or before December 31, 2018 and (ii) 100% of the  
7 proceeds of sales made after December 31, 2018 and before  
8 January 1, 2024. On and after January 1, 2024 and on or before  
9 December 31, 2030, the taxation of biodiesel, renewable  
10 diesel, and biodiesel blends shall be as provided in Section  
11 3-5.1. If, at any time, however, the tax under this Act on  
12 sales of biodiesel blends with no less than 1% and no more than  
13 10% biodiesel is imposed at the rate of 1.25%, then the tax  
14 imposed by this Act applies to 100% of the proceeds of sales of  
15 biodiesel blends with no less than 1% and no more than 10%  
16 biodiesel made during that time.

17 With respect to biodiesel and biodiesel blends with more  
18 than 10% but no more than 99% biodiesel, the tax imposed by  
19 this Act does not apply to the proceeds of sales made on or  
20 after July 1, 2003 and on or before December 31, 2023. On and  
21 after January 1, 2024 and on or before December 31, 2030, the  
22 taxation of biodiesel, renewable diesel, and biodiesel blends  
23 shall be as provided in Section 3-5.1.

24 Until July 1, 2022 and from July 1, 2023 through December  
25 31, 2025, with respect to food for human consumption that is to  
26 be consumed off the premises where it is sold (other than

1 alcoholic beverages, food consisting of or infused with adult  
2 use cannabis, soft drinks, and food that has been prepared for  
3 immediate consumption), the tax is imposed at the rate of 1%.  
4 Beginning on July 1, 2022 and until July 1, 2023, with respect  
5 to food for human consumption that is to be consumed off the  
6 premises where it is sold (other than alcoholic beverages,  
7 food consisting of or infused with adult use cannabis, soft  
8 drinks, and food that has been prepared for immediate  
9 consumption), the tax is imposed at the rate of 0%. On and  
10 after January 1, 2026, food for human consumption that is to be  
11 consumed off the premises where it is sold (other than  
12 alcoholic beverages, food consisting of or infused with adult  
13 use cannabis, soft drinks, candy, and food that has been  
14 prepared for immediate consumption) is exempt from the tax  
15 imposed by this Act.

16 With respect to prescription and nonprescription  
17 medicines, drugs, medical appliances, products classified as  
18 Class III medical devices by the United States Food and Drug  
19 Administration that are used for cancer treatment pursuant to  
20 a prescription, as well as any accessories and components  
21 related to those devices, modifications to a motor vehicle for  
22 the purpose of rendering it usable by a person with a  
23 disability, and insulin, blood sugar testing materials,  
24 syringes, and needles used by human diabetics, the tax is  
25 imposed at the rate of 1%. For the purposes of this Section,  
26 until September 1, 2009: the term "soft drinks" means any

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

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

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

1 products that are dispensed hot from a vending machine,  
2 regardless of the location of the vending machine.

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

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

25 (A) a "Drug Facts" panel; or

26 (B) a statement of the "active ingredient(s)" with a

1 list of those ingredients contained in the compound,  
2 substance or preparation.

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

8 As used in this Section, "adult use cannabis" means  
9 cannabis subject to tax under the Cannabis Cultivation  
10 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law  
11 and does not include cannabis subject to tax under the  
12 Compassionate Use of Medical Cannabis Program Act.

13 If the property that is purchased at retail from a  
14 retailer is acquired outside Illinois and used outside  
15 Illinois before being brought to Illinois for use here and is  
16 taxable under this Act, the "selling price" on which the tax is  
17 computed shall be reduced by an amount that represents a  
18 reasonable allowance for depreciation for the period of prior  
19 out-of-state use. No depreciation is allowed in cases where  
20 the tax under this Act is imposed on lease receipts.

21 (Source: P.A. 102-4, eff. 4-27-21; 102-700, Article 20,  
22 Section 20-5, eff. 4-19-22; 102-700, Article 60, Section  
23 60-15, eff. 4-19-22; 102-700, Article 65, Section 65-5, eff.  
24 4-19-22; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23; 103-592,  
25 eff. 1-1-25; 103-781, eff. 8-5-24; revised 11-26-24.)

1 Section 10. The Retailers' Occupation Tax Act is amended  
2 by changing Sections 2-8 and 2-10 as follows:

3 (35 ILCS 120/2-8)

4 Sec. 2-8. Sales tax holiday items.

5 (a) Any tangible personal property described in this  
6 subsection is a sales tax holiday item and qualifies for the  
7 1.25% reduced rate of tax during ~~for the period set forth in~~  
8 ~~Section 2-10 of this Act (hereinafter referred to as the Sales~~  
9 ~~Tax Holiday Period)~~. The reduced rate on these items shall be  
10 administered under the provisions of subsection (b) of this  
11 Section. The following items are subject to the reduced rate:

12 (1) Clothing items that each have a retail selling  
13 price of less than \$125.

14 "Clothing" means, unless otherwise specified in this  
15 Section, all human wearing apparel suitable for general  
16 use. "Clothing" does not include clothing accessories,  
17 protective equipment, or sport or recreational equipment.

18 "Clothing" includes, but is not limited to: household and  
19 shop aprons; athletic supporters; bathing suits and caps;  
20 belts and suspenders; boots; coats and jackets; ear muffs;  
21 footlets; gloves and mittens for general use; hats and  
22 caps; hosiery; insoles for shoes; lab coats; neckties;  
23 overshoes; pantyhose; rainwear; rubber pants; sandals;  
24 scarves; shoes and shoelaces; slippers; sneakers; socks  
25 and stockings; steel-toed shoes; underwear; and school

1 uniforms.

2 "Clothing accessories" means, but is not limited to:  
3 briefcases; cosmetics; hair notions, including, but not  
4 limited to barrettes, hair bows, and hair nets; handbags;  
5 handkerchiefs; jewelry; non-prescription sunglasses;  
6 umbrellas; wallets; watches; and wigs and hair pieces.

7 "Protective equipment" means, but is not limited to:  
8 breathing masks; clean room apparel and equipment; ear and  
9 hearing protectors; face shields; hard hats; helmets;  
10 paint or dust respirators; protective gloves; safety  
11 glasses and goggles; safety belts; tool belts; and  
12 welder's gloves and masks.

13 "Sport or recreational equipment" means, but is not  
14 limited to: ballet and tap shoes; cleated or spiked  
15 athletic shoes; gloves, including, but not limited to,  
16 baseball, bowling, boxing, hockey, and golf gloves;  
17 goggles; hand and elbow guards; life preservers and vests;  
18 mouth guards; roller and ice skates; shin guards; shoulder  
19 pads; ski boots; waders; and wetsuits and fins.

20 (2) School supplies. "School supplies" means, unless  
21 otherwise specified in this Section, items used by a  
22 student in a course of study. The purchase of school  
23 supplies for use by persons other than students for use in  
24 a course of study are not eligible for the reduced rate of  
25 tax. "School supplies" do not include school art supplies;  
26 school instructional materials; cameras; film and memory

1 cards; videocameras, tapes, and videotapes; computers;  
2 cell phones; Personal Digital Assistants (PDAs); handheld  
3 electronic schedulers; and school computer supplies.

4 "School supplies" includes, but is not limited to:  
5 binders; book bags; calculators; cellophane tape;  
6 blackboard chalk; compasses; composition books; crayons;  
7 erasers; expandable, pocket, plastic, and manila folders;  
8 glue, paste, and paste sticks; highlighters; index cards;  
9 index card boxes; legal pads; lunch boxes; markers;  
10 notebooks; paper, including loose leaf ruled notebook  
11 paper, copy paper, graph paper, tracing paper, manila  
12 paper, colored paper, poster board, and construction  
13 paper; pencils; pencil leads; pens; ink and ink refills  
14 for pens; pencil boxes and other school supply boxes;  
15 pencil sharpeners; protractors; rulers; scissors; and  
16 writing tablets.

17 "School art supply" means an item commonly used by a  
18 student in a course of study for artwork and includes only  
19 the following items: clay and glazes; acrylic, tempera,  
20 and oil paint; paintbrushes for artwork; sketch and  
21 drawing pads; and watercolors.

22 "School instructional material" means written material  
23 commonly used by a student in a course of study as a  
24 reference and to learn the subject being taught and  
25 includes only the following items: reference books;  
26 reference maps and globes; textbooks; and workbooks.

1           "School computer supply" means an item commonly used  
2           by a student in a course of study in which a computer is  
3           used and applies only to the following items: flashdrives  
4           and other computer data storage devices; data storage  
5           media, such as diskettes and compact disks; boxes and  
6           cases for disk storage; external ports or drives; computer  
7           cases; computer cables; computer printers; and printer  
8           cartridges, toner, and ink.

9           (b) Administration. Notwithstanding any other provision of  
10          this Act, the reduced rate of tax under Section 3-10 of this  
11          Act for clothing and school supplies shall be administered by  
12          the Department under the provisions of this subsection (b).

13          (1) Bundled sales. Items that qualify for the reduced  
14          rate of tax that are bundled together with items that do  
15          not qualify for the reduced rate of tax and that are sold  
16          for one itemized price will be subject to the reduced rate  
17          of tax only if the value of the items that qualify for the  
18          reduced rate of tax exceeds the value of the items that do  
19          not qualify for the reduced rate of tax.

20          (2) Coupons and discounts. An unreimbursed discount by  
21          the seller reduces the sales price of the property so that  
22          the discounted sales price determines whether the sales  
23          price is within a sales tax holiday price threshold. A  
24          coupon or other reduction in the sales price is treated as  
25          a discount if the seller is not reimbursed for the coupon  
26          or reduction amount by a third party.

1           (3) Splitting of items normally sold together.  
2           Articles that are normally sold as a single unit must  
3           continue to be sold in that manner. Such articles cannot  
4           be priced separately and sold as individual items in order  
5           to obtain the reduced rate of tax. For example, a pair of  
6           shoes cannot have each shoe sold separately so that the  
7           sales price of each shoe is within a sales tax holiday  
8           price threshold.

9           (4) Rain checks. A rain check is a procedure that  
10          allows a customer to purchase an item at a certain price at  
11          a later time because the particular item was out of stock.  
12          Eligible property that customers purchase during the Sales  
13          Tax Holiday Period with the use of a rain check will  
14          qualify for the reduced rate of tax regardless of when the  
15          rain check was issued. Issuance of a rain check during the  
16          Sales Tax Holiday Period will not qualify eligible  
17          property for the reduced rate of tax if the property is  
18          actually purchased after the Sales Tax Holiday Period.

19          (5) Exchanges. The procedure for an exchange in  
20          regards to a sales tax holiday is as follows:

21                 (A) If a customer purchases an item of eligible  
22                 property during the Sales Tax Holiday Period, but  
23                 later exchanges the item for a similar eligible item,  
24                 even if a different size, different color, or other  
25                 feature, no additional tax is due even if the exchange  
26                 is made after the Sales Tax Holiday Period.

1           (B) If a customer purchases an item of eligible  
2 property during the Sales Tax Holiday Period, but  
3 after the Sales Tax Holiday Period has ended, the  
4 customer returns the item and receives credit on the  
5 purchase of a different item, the 6.25% general  
6 merchandise sales tax rate is due on the sale of the  
7 newly purchased item.

8           (C) If a customer purchases an item of eligible  
9 property before the Sales Tax Holiday Period, but  
10 during the Sales Tax Holiday Period the customer  
11 returns the item and receives credit on the purchase  
12 of a different item of eligible property, the reduced  
13 rate of tax is due on the sale of the new item if the  
14 new item is purchased during the Sales Tax Holiday  
15 Period.

16           (6) (Blank).

17           (7) Order date and back orders. For the purpose of a  
18 sales tax holiday, eligible property qualifies for the  
19 reduced rate of tax if: (i) the item is both delivered to  
20 and paid for by the customer during the Sales Tax Holiday  
21 Period or (ii) the customer orders and pays for the item  
22 and the seller accepts the order during the Sales Tax  
23 Holiday Period for immediate shipment, even if delivery is  
24 made after the Sales Tax Holiday Period. The seller  
25 accepts an order when the seller has taken action to fill  
26 the order for immediate shipment. Actions to fill an order

1 include placement of an "in date" stamp on an order or  
2 assignment of an "order number" to an order within the  
3 Sales Tax Holiday Period. An order is for immediate  
4 shipment when the customer does not request delayed  
5 shipment. An order is for immediate shipment  
6 notwithstanding that the shipment may be delayed because  
7 of a backlog of orders or because stock is currently  
8 unavailable to, or on back order by, the seller.

9 (8) Returns. For a 60-day period immediately after the  
10 Sales Tax Holiday Period, if a customer returns an item  
11 that would qualify for the reduced rate of tax, credit for  
12 or refund of sales tax shall be given only at the reduced  
13 rate unless the customer provides a receipt or invoice  
14 that shows tax was paid at the 6.25% general merchandise  
15 rate, or the seller has sufficient documentation to show  
16 that tax was paid at the 6.25% general merchandise rate on  
17 the specific item. This 60-day period is set solely for  
18 the purpose of designating a time period during which the  
19 customer must provide documentation that shows that the  
20 appropriate sales tax rate was paid on returned  
21 merchandise. The 60-day period is not intended to change a  
22 seller's policy on the time period during which the seller  
23 will accept returns.

24 (c) The Department may implement the provisions of this  
25 Section through the use of emergency rules, along with  
26 permanent rules filed concurrently with such emergency rules,

1 in accordance with the provisions of Section 5-45 of the  
2 Illinois Administrative Procedure Act. For purposes of the  
3 Illinois Administrative Procedure Act, the adoption of rules  
4 to implement the provisions of this Section shall be deemed an  
5 emergency and necessary for the public interest, safety, and  
6 welfare.

7 (d) As used in this Section:

8 "Sales Tax Holiday Period" means:

9 (1) August 6, 2010 through August 15, 2010;

10 (2) August 5, 2022 through August 14, 2022;

11 (3) August 5, 2026 through August 14, 2026; and

12 (4) August 5 through August 14 of each year  
13 thereafter.

14 (e) This Section is exempt from the provisions of Section  
15 2-70.

16 (Source: P.A. 102-700, eff. 4-19-22.)

17 (35 ILCS 120/2-10) from Ch. 120, par. 441-10

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, which, on and after January 1,  
21 2025, includes leases, of tangible personal property made in  
22 the course of business.

23 Beginning on July 1, 2000 and through December 31, 2000,  
24 with respect to motor fuel, as defined in Section 1.1 of the  
25 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 During the Sales Tax Holiday Period, as defined in Section  
3 2-8, Beginning on August 6, 2010 through August 15, 2010, and  
4 beginning again on August 5, 2022 through August 14, 2022,  
5 with respect to sales tax holiday items as defined in Section  
6 2-8 of this Act, the tax is imposed at the rate of 1.25%.

7 Within 14 days after July 1, 2000 (the effective date of  
8 Public Act 91-872), each retailer of motor fuel and gasohol  
9 shall cause the following notice to be posted in a prominently  
10 visible place on each retail dispensing device that is used to  
11 dispense motor fuel or gasohol in the State of Illinois: "As of  
12 July 1, 2000, the State of Illinois has eliminated the State's  
13 share of sales tax on motor fuel and gasohol through December  
14 31, 2000. The price on this pump should reflect the  
15 elimination of the tax." The notice shall be printed in bold  
16 print on a sign that is no smaller than 4 inches by 8 inches.  
17 The sign shall be clearly visible to customers. Any retailer  
18 who fails to post or maintain a required sign through December  
19 31, 2000 is guilty of a petty offense for which the fine shall  
20 be \$500 per day per each retail premises where a violation  
21 occurs.

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

1 proceeds of sales made after July 1, 2017 and prior to January  
2 1, 2024, (iv) 90% of the proceeds of sales made on or after  
3 January 1, 2024 and on or before December 31, 2028, and (v)  
4 100% of the proceeds of sales made after December 31, 2028. If,  
5 at any time, however, the tax under this Act on sales of  
6 gasohol, as defined in the Use Tax Act, 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 gasohol made during that time.

9 With respect to mid-range ethanol blends, as defined in  
10 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act  
11 applies to (i) 80% of the proceeds of sales made on or after  
12 January 1, 2024 and on or before December 31, 2028 and (ii)  
13 100% of the proceeds of sales made after December 31, 2028. If,  
14 at any time, however, the tax under this Act on sales of  
15 mid-range ethanol blends is imposed at the rate of 1.25%, then  
16 the tax imposed by this Act applies to 100% of the proceeds of  
17 sales of mid-range ethanol blends made during that time.

18 With respect to majority blended ethanol fuel, as defined  
19 in the Use Tax Act, the tax imposed by this Act does not apply  
20 to the proceeds of sales made on or after July 1, 2003 and on  
21 or before December 31, 2028 but applies to 100% of the proceeds  
22 of sales made thereafter.

23 With respect to biodiesel blends, as defined in the Use  
24 Tax Act, with no less than 1% and no more than 10% biodiesel,  
25 the tax imposed by this Act applies to (i) 80% of the proceeds  
26 of sales made on or after July 1, 2003 and on or before

1 December 31, 2018 and (ii) 100% of the proceeds of sales made  
2 after December 31, 2018 and before January 1, 2024. On and  
3 after January 1, 2024 and on or before December 31, 2030, the  
4 taxation of biodiesel, renewable diesel, and biodiesel blends  
5 shall be as provided in Section 3-5.1 of the Use Tax Act. If,  
6 at any time, however, the tax under this Act on sales of  
7 biodiesel blends, as defined in the Use Tax Act, with no less  
8 than 1% and no more than 10% biodiesel is imposed at the rate  
9 of 1.25%, then the tax imposed by this Act applies to 100% of  
10 the proceeds of sales of biodiesel blends with no less than 1%  
11 and no more than 10% biodiesel made during that time.

12 With respect to biodiesel, as defined in the Use Tax Act,  
13 and biodiesel blends, as defined in the Use Tax Act, with more  
14 than 10% but no more than 99% biodiesel, the tax imposed by  
15 this Act does not apply to the proceeds of sales made on or  
16 after July 1, 2003 and on or before December 31, 2023. On and  
17 after January 1, 2024 and on or before December 31, 2030, the  
18 taxation of biodiesel, renewable diesel, and biodiesel blends  
19 shall be as provided in Section 3-5.1 of the Use Tax Act.

20 Until July 1, 2022 and from July 1, 2023 through December  
21 31, 2025, with respect to food for human consumption that is to  
22 be consumed off the premises where it is sold (other than  
23 alcoholic beverages, food consisting of or infused with adult  
24 use cannabis, soft drinks, and food that has been prepared for  
25 immediate consumption), the tax is imposed at the rate of 1%.  
26 Beginning July 1, 2022 and until July 1, 2023, with respect to

1 food for human consumption that is to be consumed off the  
2 premises where it is sold (other than alcoholic beverages,  
3 food consisting of or infused with adult use cannabis, soft  
4 drinks, and food that has been prepared for immediate  
5 consumption), the tax is imposed at the rate of 0%. On and  
6 after January 1, 2026, food for human consumption that is to be  
7 consumed off the premises where it is sold (other than  
8 alcoholic beverages, food consisting of or infused with adult  
9 use cannabis, soft drinks, candy, and food that has been  
10 prepared for immediate consumption) is exempt from the tax  
11 imposed by this Act.

12 With respect to prescription and nonprescription  
13 medicines, drugs, medical appliances, products classified as  
14 Class III medical devices by the United States Food and Drug  
15 Administration that are used for cancer treatment pursuant to  
16 a prescription, as well as any accessories and components  
17 related to those devices, modifications to a motor vehicle for  
18 the purpose of rendering it usable by a person with a  
19 disability, and insulin, blood sugar testing materials,  
20 syringes, and needles used by human diabetics, the tax is  
21 imposed at the rate of 1%. For the purposes of this Section,  
22 until September 1, 2009: the term "soft drinks" means any  
23 complete, finished, ready-to-use, non-alcoholic drink, whether  
24 carbonated or not, including, but not limited to, soda water,  
25 cola, fruit juice, vegetable juice, carbonated water, and all  
26 other preparations commonly known as soft drinks of whatever

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

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

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

25 Notwithstanding any other provisions of this Act,  
26 beginning September 1, 2009, "food for human consumption that

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

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

21 (A) a "Drug Facts" panel; or

22 (B) a statement of the "active ingredient(s)" with a  
23 list of those ingredients contained in the compound,  
24 substance or preparation.

25 Beginning on January 1, 2014 (the effective date of Public  
26 Act 98-122), "prescription and nonprescription medicines and

1 drugs" includes medical cannabis purchased from a registered  
2 dispensing organization under the Compassionate Use of Medical  
3 Cannabis Program Act.

4 As used in this Section, "adult use cannabis" means  
5 cannabis subject to tax under the Cannabis Cultivation  
6 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law  
7 and does not include cannabis subject to tax under the  
8 Compassionate Use of Medical Cannabis Program Act.

9 (Source: P.A. 102-4, eff. 4-27-21; 102-700, Article 20,  
10 Section 20-20, eff. 4-19-22; 102-700, Article 60, Section  
11 60-30, eff. 4-19-22; 102-700, Article 65, Section 65-10, eff.  
12 4-19-22; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23; 103-592,  
13 eff. 1-1-25; 103-781, eff. 8-5-24; revised 11-26-24.)

14 Section 99. Effective date. This Act takes effect upon  
15 becoming law.