



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB2428

Introduced 2/26/2021, by Sen. Bill Cunningham

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-10	
35 ILCS 105/3-40	from Ch. 120, par. 439.3-40
35 ILCS 105/3-44	
35 ILCS 105/3-44.3 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 the tax imposed on mid-range ethanol blends applies to (i) 80% of the proceeds of sales made on or after July 1, 2019 and on or before December 31, 2023 and (ii) 100% of the proceeds of sales made thereafter. Provides that the term "mid-range ethanol blend" means a blend of gasoline and denatured ethanol that contains not less than 20% but less than 51% denatured ethanol. Makes changes to the definitions of "gasohol" and "majority blended ethanol fuel" to adjust the required percentage of ethanol. Provides that, on and after July 1, 2021 and prior to July 1, 2024, the tax shall be imposed on 90% of the proceeds of sales of gasohol. Effective immediately.

LRB102 10895 HLH 16225 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 10. The Use Tax Act is amended by changing
5 Sections 3-10, 3-40, and 3-44 and by adding Section 3-44.3 as
6 follows:

7 (35 ILCS 105/3-10)

8 Sec. 3-10. Rate of tax. Unless otherwise provided in this
9 Section, the tax imposed by this Act is at the rate of 6.25% of
10 either the selling price or the fair market value, if any, of
11 the tangible personal property. In all cases where property
12 functionally used or consumed is the same as the property that
13 was purchased at retail, then the tax is imposed on the selling
14 price of the property. In all cases where property
15 functionally used or consumed is a by-product or waste product
16 that has been refined, manufactured, or produced from property
17 purchased at retail, then the tax is imposed on the lower of
18 the fair market value, if any, of the specific property so used
19 in this State or on the selling price of the property purchased
20 at retail. For purposes of this Section "fair market value"
21 means the price at which property would change hands between a
22 willing buyer and a willing seller, neither being under any
23 compulsion to buy or sell and both having reasonable knowledge

1 of the relevant facts. The fair market value shall be
2 established by Illinois sales by the taxpayer of the same
3 property as that functionally used or consumed, or if there
4 are no such sales by the taxpayer, then comparable sales or
5 purchases of property of like kind and character in Illinois.

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

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

13 With respect to gasohol, the tax imposed by this Act
14 applies to (i) 70% of the proceeds of sales made on or after
15 January 1, 1990, and before July 1, 2003, (ii) 80% of the
16 proceeds of sales made on or after July 1, 2003 and on or
17 before July 1, 2017, ~~and~~ (iii) 100% of the proceeds of sales
18 made after July 1, 2017 and prior to July 1, 2021, (iv) 90% of
19 the proceeds of sales made on or after July 1, 2021 and prior
20 to July 1, 2024, and (v) 100% of the proceeds of sales made
21 thereafter. If, at any time, however, the tax under this Act on
22 sales of gasohol is imposed at the rate of 1.25%, then the tax
23 imposed by this Act applies to 100% of the proceeds of sales of
24 gasohol made during that time.

25 With respect to mid-range ethanol blends, the tax imposed
26 by this Act applies to (i) 80% of the proceeds of sales made on

1 or after July 1, 2021 and on or before December 31, 2025 and
2 (ii) 100% of the proceeds of sales made thereafter. If, at any
3 time, however, the tax under this Act on sales of mid-range
4 ethanol blends is imposed at the rate of 1.25%, then the tax
5 imposed by this Act applies to 100% of the proceeds of sales of
6 mid-range ethanol blends made during that time.

7 With respect to majority blended ethanol fuel, the tax
8 imposed by this Act does not apply to the proceeds of sales
9 made on or after July 1, 2003 and on or before December 31,
10 2023 but applies to 100% of the proceeds of sales made
11 thereafter.

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

22 With respect to 100% biodiesel and biodiesel blends 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 sales made on or
25 after July 1, 2003 and on or before December 31, 2023 but
26 applies to 100% of the proceeds of sales made thereafter.

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

26 Notwithstanding any other provisions of this Act,

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

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

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

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

- 14 (A) A "Drug Facts" panel; or
15 (B) A statement of the "active ingredient(s)" with a
16 list of those ingredients contained in the compound,
17 substance or preparation.

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

23 As used in this Section, "adult use cannabis" means
24 cannabis subject to tax under the Cannabis Cultivation
25 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
26 and does not include cannabis subject to tax under the

1 Compassionate Use of Medical Cannabis Program Act.

2 If the property that is purchased at retail from a
3 retailer is acquired outside Illinois and used outside
4 Illinois before being brought to Illinois for use here and is
5 taxable under this Act, the "selling price" on which the tax is
6 computed shall be reduced by an amount that represents a
7 reasonable allowance for depreciation for the period of prior
8 out-of-state use.

9 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
10 101-593, eff. 12-4-19.)

11 (35 ILCS 105/3-40) (from Ch. 120, par. 439.3-40)

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

1 Department of Agriculture that the fuel in question does not
2 qualify as gasohol.

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

4 (35 ILCS 105/3-44)

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

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

13 (35 ILCS 105/3-44.3 new)

14 Sec. 3-44.3. Mid-range ethanol blend. "Mid-range ethanol
15 blend" means a blend of gasoline and denatured ethanol that
16 contains not less than 20% but less than 51% denatured
17 ethanol.

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

20 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

21 Sec. 3-10. Rate of tax. Unless otherwise provided in this
22 Section, the tax imposed by this Act is at the rate of 6.25% of

1 the selling price of tangible personal property transferred as
2 an incident to the sale of service, but, for the purpose of
3 computing this tax, in no event shall the selling price be less
4 than the cost price of the property to the serviceman.

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

9 With respect to gasohol, as defined in the Use Tax Act, the
10 tax imposed by this Act applies to (i) 70% of the selling price
11 of property transferred as an incident to the sale of service
12 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
13 of the selling price of property transferred as an incident to
14 the sale of service on or after July 1, 2003 and on or before
15 July 1, 2017, ~~and~~ (iii) 100% of the selling price of property
16 transferred as an incident to the sale of service after July 1,
17 2017 and prior to July 1, 2021, (iv) 90% of the selling price
18 of property transferred as an incident to the sale of service
19 on or after July 1, 2021 and prior to July 1, 2024, and (v)
20 100% of the selling price of property transferred as an
21 incident to the sale of service thereafter. If, at any time,
22 however, the tax under this Act on sales of gasohol, as defined
23 in the Use Tax Act, is imposed at the rate of 1.25%, then the
24 tax imposed by this Act applies to 100% of the proceeds of
25 sales of gasohol made during that time.

26 With respect to mid-range ethanol blends, as defined in

1 the Use Tax Act, the tax imposed by this Act applies to (i) 80%
2 of the proceeds of sales made on or after July 1, 2021 and on
3 or before December 31, 2025 and (ii) 100% of the proceeds of
4 sales made thereafter. If, at any time, however, the tax under
5 this Act on sales of mid-range ethanol blends is imposed at the
6 rate of 1.25%, then the tax imposed by this Act applies to 100%
7 of the proceeds of sales of mid-range ethanol blends made
8 during that 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, 2023 but applies to 100% of the selling price
14 thereafter.

15 With respect to biodiesel blends, as defined in the Use
16 Tax Act, with no less than 1% and no more than 10% biodiesel,
17 the tax imposed by this Act applies to (i) 80% of the selling
18 price of property transferred as an incident to the sale of
19 service on or after July 1, 2003 and on or before December 31,
20 2018 and (ii) 100% of the proceeds of the selling price
21 thereafter. If, at any time, however, the tax under this Act on
22 sales of biodiesel blends, as defined in the Use Tax Act, with
23 no less than 1% and no more than 10% biodiesel is imposed at
24 the rate of 1.25%, then the tax imposed by this Act applies to
25 100% of the proceeds of sales of biodiesel blends with no less
26 than 1% 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, 2023 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
14 aggregate annual total gross receipts from all sales of
15 service, the tax imposed by this Act shall be based on the
16 serviceman's cost price of the tangible personal property
17 transferred as an 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
20 of service subject to this Act or the Service Occupation Tax
21 Act by an entity licensed under the Hospital Licensing Act,
22 the Nursing Home Care Act, the ID/DD Community Care Act, the
23 MC/DD Act, the Specialized Mental Health Rehabilitation Act of
24 2013, or the Child Care Act of 1969. The tax shall also be
25 imposed at the rate of 1% on food for human consumption that is
26 to 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 and is not otherwise included in this
4 paragraph) and prescription and nonprescription medicines,
5 drugs, medical appliances, products classified as Class III
6 medical devices by the United States Food and Drug
7 Administration that are used for cancer treatment pursuant to
8 a prescription, as well as any accessories and components
9 related to those devices, modifications to a motor vehicle for
10 the purpose of rendering it usable by a person with a
11 disability, and insulin, urine testing materials, syringes,
12 and needles used by diabetics, for human use. For the purposes
13 of this Section, until September 1, 2009: the term "soft
14 drinks" means any complete, finished, ready-to-use,
15 non-alcoholic drink, whether carbonated or not, including but
16 not limited to soda water, cola, fruit juice, vegetable juice,
17 carbonated water, and all other preparations commonly known as
18 soft drinks of whatever kind or description that are contained
19 in any closed or sealed bottle, can, carton, or container,
20 regardless of size; but "soft drinks" does not include coffee,
21 tea, non-carbonated water, infant formula, milk or milk
22 products as defined in the Grade A Pasteurized Milk and Milk
23 Products Act, or drinks containing 50% or more natural fruit
24 or vegetable juice.

25 Notwithstanding any other provisions of this Act,
26 beginning September 1, 2009, "soft drinks" means non-alcoholic

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

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

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

26 Notwithstanding any other provisions of this Act,

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

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

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

17 Beginning on January 1, 2014 (the effective date of Public
18 Act 98-122), "prescription and nonprescription medicines and
19 drugs" includes medical cannabis purchased from a registered
20 dispensing organization under the Compassionate Use of Medical
21 Cannabis Program Act.

22 As used in this Section, "adult use cannabis" means
23 cannabis subject to tax under the Cannabis Cultivation
24 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
25 and does not include cannabis subject to tax under the
26 Compassionate Use of Medical Cannabis Program Act.

1 If the property that is acquired from a serviceman is
2 acquired outside Illinois and used outside Illinois before
3 being brought to Illinois for use here and is taxable under
4 this Act, the "selling price" on which the tax is computed
5 shall be reduced by an amount that represents a reasonable
6 allowance for depreciation for the period of prior
7 out-of-state use.

8 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
9 101-593, eff. 12-4-19.)

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

12 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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", as defined in Section 2 of the Service Use
16 Tax Act, of the tangible personal property. For the purpose of
17 computing this tax, in no event shall the "selling price" be
18 less than the cost price to the serviceman of the tangible
19 personal property transferred. The selling price of each item
20 of tangible personal property transferred as an incident of a
21 sale of service may be shown as a distinct and separate item on
22 the serviceman's billing to the service customer. If the
23 selling price is not so shown, the selling price of the
24 tangible personal property is deemed to be 50% of the

1 serviceman's entire billing to the service customer. When,
2 however, a serviceman contracts to design, develop, and
3 produce special order machinery or equipment, the tax imposed
4 by this Act shall be based on the serviceman's cost price of
5 the tangible personal property transferred incident to the
6 completion of the contract.

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

11 With respect to gasohol, as defined in the Use Tax Act, the
12 tax imposed by this Act shall apply to (i) 70% of the cost
13 price of property transferred as an incident to the sale of
14 service on or after January 1, 1990, and before July 1, 2003,
15 (ii) 80% of the selling price of property transferred as an
16 incident to the sale of service on or after July 1, 2003 and on
17 or before July 1, 2017, ~~and~~ (iii) 100% of the cost price of
18 property transferred as an incident to the sale of service
19 after July 1, 2017 and prior to July 1, 2021, (iv) 90% of the
20 cost price of property transferred as an incident to the sale
21 of service on or after July 1, 2021 and prior to July 1, 2024,
22 and (v) 100% of the cost price of property transferred as an
23 incident to the sale of service thereafter. If, at any time,
24 however, the tax under this Act on sales of gasohol, as defined
25 in the Use Tax Act, is imposed at the rate of 1.25%, then the
26 tax imposed by this Act applies to 100% of the proceeds of

1 sales of gasohol made during that time.

2 With respect to mid-range ethanol blends, as defined in
3 the Use Tax Act, the tax imposed by this Act applies to (i) 80%
4 of the selling price of property transferred as an incident to
5 the sale of service on or after July 1, 2021 and on or before
6 December 31, 2025 and (ii) 100% of the selling price
7 thereafter. If, at any time, however, the tax under this Act on
8 sales of mid-range ethanol blends is imposed at the rate of
9 1.25%, then the tax imposed by this Act applies to 100% of the
10 proceeds of sales of mid-range ethanol blends made during that
11 time.

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

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

1 the rate of 1.25%, then the tax imposed by this Act applies to
2 100% of the proceeds of sales of biodiesel blends with no less
3 than 1% and no more than 10% biodiesel made during that time.

4 With respect to 100% biodiesel, as defined in the Use Tax
5 Act, and biodiesel blends, as defined in the Use Tax Act, with
6 more than 10% but no more than 99% biodiesel material, the tax
7 imposed by this Act does not apply to the proceeds of the
8 selling price of property transferred as an incident to the
9 sale of service on or after July 1, 2003 and on or before
10 December 31, 2023 but applies to 100% of the selling price
11 thereafter.

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

22 The tax shall be imposed at the rate of 1% on food prepared
23 for immediate consumption and transferred incident to a sale
24 of service subject to this Act or the Service Occupation Tax
25 Act by an entity licensed under the Hospital Licensing Act,
26 the Nursing Home Care Act, the ID/DD Community Care Act, the

1 MC/DD Act, the Specialized Mental Health Rehabilitation Act of
2 2013, or the Child Care Act of 1969. The tax shall also be
3 imposed at the rate of 1% on food for human consumption that is
4 to be consumed off the premises where it is sold (other than
5 alcoholic beverages, food consisting of or infused with adult
6 use cannabis, soft drinks, and food that has been prepared for
7 immediate consumption and is not otherwise included in this
8 paragraph) and prescription and nonprescription medicines,
9 drugs, medical appliances, products classified as Class III
10 medical devices by the United States Food and Drug
11 Administration that are used for cancer treatment pursuant to
12 a prescription, as well as any accessories and components
13 related to those devices, modifications to a motor vehicle for
14 the purpose of rendering it usable by a person with a
15 disability, and insulin, urine testing materials, syringes,
16 and needles used by diabetics, for human use. For the purposes
17 of this Section, until September 1, 2009: the term "soft
18 drinks" means any complete, finished, ready-to-use,
19 non-alcoholic drink, whether carbonated or not, including but
20 not limited to soda water, cola, fruit juice, vegetable juice,
21 carbonated water, and all other preparations commonly known as
22 soft drinks of whatever kind or description that are contained
23 in any closed or sealed can, carton, or container, regardless
24 of size; but "soft drinks" does not include coffee, tea,
25 non-carbonated water, infant formula, milk or milk products as
26 defined in the Grade A Pasteurized Milk and Milk Products Act,

1 or drinks containing 50% or more natural fruit or vegetable
2 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

1 other 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 January 1, 2014 (the effective date of Public
22 Act 98-122), "prescription and nonprescription medicines and
23 drugs" includes medical cannabis purchased from a registered
24 dispensing organization under the Compassionate Use of Medical
25 Cannabis Program Act.

26 As used in this Section, "adult use cannabis" means

1 cannabis subject to tax under the Cannabis Cultivation
2 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
3 and does not include cannabis subject to tax under the
4 Compassionate Use of Medical Cannabis Program Act.

5 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
6 101-593, eff. 12-4-19.)

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

9 (35 ILCS 120/2-10)

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

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

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

21 Within 14 days after the effective date of this amendatory
22 Act of the 91st General Assembly, each retailer of motor fuel
23 and gasohol shall cause the following notice to be posted in a
24 prominently visible place on each retail dispensing device

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

12 With respect to gasohol, as defined in the Use Tax Act, the
13 tax imposed by this Act applies to (i) 70% of the proceeds of
14 sales made on or after January 1, 1990, and before July 1,
15 2003, (ii) 80% of the proceeds of sales made on or after July
16 1, 2003 and on or before July 1, 2017, ~~and~~ (iii) 100% of the
17 proceeds of sales made after July 1, 2017 and prior to July 1,
18 2021, (iv) 90% of the proceeds of sales made on or after July
19 1, 2021 and prior to July 1, 2024, and (v) 100% of the proceeds
20 of sales made thereafter. If, at any time, however, the tax
21 under this Act on sales of gasohol, as defined in the Use Tax
22 Act, is imposed at the rate of 1.25%, then the tax imposed by
23 this Act applies to 100% of the proceeds of sales of gasohol
24 made during that time.

25 With respect to mid-range ethanol blends, as defined in
26 the Use Tax Act, the tax imposed by this Act applies to (i) 80%

1 of the proceeds of sales made on or after July 1, 2021 and on
2 or before December 31, 2025 and (ii) 100% of the proceeds of
3 sales made thereafter. If, at any time, however, the tax under
4 this Act on sales of mid-range ethanol blends is imposed at the
5 rate of 1.25%, then the tax imposed by this Act applies to 100%
6 of the proceeds of sales of mid-range ethanol blends made
7 during that time.

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

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

24 With respect to 100% biodiesel, as defined in the Use Tax
25 Act, and biodiesel blends, as defined in the Use Tax Act, with
26 more than 10% but no more than 99% biodiesel, the tax imposed

1 by this Act does not apply to the proceeds of sales made on or
2 after July 1, 2003 and on or before December 31, 2023 but
3 applies to 100% of the proceeds of sales made thereafter.

4 With respect to food for human consumption that is to be
5 consumed off the premises where it is sold (other than
6 alcoholic beverages, food consisting of or infused with adult
7 use cannabis, soft drinks, and food that has been prepared for
8 immediate consumption) and prescription and nonprescription
9 medicines, drugs, medical appliances, products classified as
10 Class III medical devices by the United States Food and Drug
11 Administration that are used for cancer treatment pursuant to
12 a prescription, as well as any accessories and components
13 related to those devices, modifications to a motor vehicle for
14 the purpose of rendering it usable by a person with a
15 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

1 other 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
24 a registered dispensing organization under the Compassionate
25 Use of Medical Cannabis Program Act.

26 As used in this Section, "adult use cannabis" means

1 cannabis subject to tax under the Cannabis Cultivation
2 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
3 and does not include cannabis subject to tax under the
4 Compassionate Use of Medical Cannabis Program Act.

5 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
6 101-593, eff. 12-4-19.)

7 Section 99. Effective date. This Act takes effect upon
8 becoming law.