



## 103RD GENERAL ASSEMBLY

### State of Illinois

### 2023 and 2024

### HB3475

Introduced 2/17/2023, by Rep. Abdelnasser Rashid

#### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-10  
35 ILCS 110/3-10  
35 ILCS 115/3-10  
35 ILCS 120/2-10

from Ch. 120, par. 439.33-10  
from Ch. 120, par. 439.103-10

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Reduces the rate of tax on diapers and baby wipes to 1% (currently, 6.25%).

LRB103 26897 HLH 53261 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 3-10 and 9 as follows:

6 (35 ILCS 105/3-10)

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

1 established by Illinois sales by the taxpayer of the same  
2 property as that functionally used or consumed, or if there  
3 are no such sales by the taxpayer, then comparable sales or  
4 purchases of property of like kind and character in Illinois.

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 Beginning on August 6, 2010 through August 15, 2010, and  
10 beginning again on August 5, 2022 through August 14, 2022,  
11 with respect to sales tax holiday items as defined in Section  
12 3-6 of 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 thereafter. If, at any time, however, the tax under this  
19 Act on sales of gasohol is imposed at the rate of 1.25%, then  
20 the tax imposed by this Act applies to 100% of the proceeds of  
21 sales of gasohol made during that time.

22 With respect to majority blended ethanol fuel, the tax  
23 imposed by this Act does not apply to the proceeds of sales  
24 made on or after July 1, 2003 and on or before December 31,  
25 2023 but applies to 100% of the proceeds of sales made  
26 thereafter.

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

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

22 Until July 1, 2022 and beginning again on July 1, 2023,  
23 with respect to food for human consumption that is to be  
24 consumed off the premises where it is sold (other than  
25 alcoholic beverages, food consisting of or infused with adult  
26 use cannabis, soft drinks, and food that has been prepared for

1 immediate consumption), the tax is imposed at the rate of 1%.  
2 Beginning on July 1, 2022 and until July 1, 2023, with respect  
3 to food for human consumption that is to be consumed off the  
4 premises where it is sold (other than alcoholic beverages,  
5 food consisting of or infused with adult use cannabis, soft  
6 drinks, and food that has been prepared for immediate  
7 consumption), the tax is imposed at the rate of 0%.

8 With respect to 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, diapers, baby wipes, and insulin, blood sugar  
16 testing materials, syringes, and needles used by human  
17 diabetics, the tax is imposed at the rate of 1%. For the  
18 purposes of this Section, until September 1, 2009: the term  
19 "soft drinks" means any complete, finished, ready-to-use,  
20 non-alcoholic drink, whether carbonated or not, including, but  
21 not limited to, soda water, cola, fruit juice, vegetable  
22 juice, carbonated water, and all other preparations commonly  
23 known as soft drinks of whatever kind or description that are  
24 contained in any closed or sealed bottle, can, carton, or  
25 container, regardless of size; but "soft drinks" does not  
26 include coffee, tea, non-carbonated water, infant formula,

1 milk or milk products as defined in the Grade A Pasteurized  
2 Milk and Milk Products Act, or drinks containing 50% or more  
3 natural fruit or vegetable juice.

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

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

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

1 sweeteners in combination with chocolate, fruits, nuts or  
2 other ingredients or flavorings in the form of bars, drops, or  
3 pieces. "Candy" does not include any preparation that contains  
4 flour or requires refrigeration.

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

- 18 (A) a ~~A~~ "Drug Facts" panel; or  
19 (B) a ~~A~~ statement of the "active ingredient(s)" with a  
20 list of those ingredients contained in the compound,  
21 substance or preparation.

22 Beginning on January 1, 2014 (the effective date of Public  
23 Act 98-122) ~~this amendatory Act of the 98th General Assembly,~~  
24 "prescription and nonprescription medicines and drugs"  
25 includes medical cannabis purchased from a registered  
26 dispensing organization under the Compassionate Use of Medical

1 Cannabis Program Act.

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

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

14 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;  
15 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-5, eff.  
16 4-19-22; 102-700, Article 60, Section 60-15, eff. 4-19-22;  
17 102-700, Article 65, Section 65-5, eff. 4-19-22; revised  
18 5-27-22.)

19 Section 10. The Service Use Tax Act is amended by changing  
20 Sections 3-10 and 9 as follows:

21 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

22 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
23 Section, the tax imposed by this Act is at the rate of 6.25% of  
24 the selling price of tangible personal property transferred as



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

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

8 With respect to gasohol, as defined in the Use Tax Act, the  
9 tax imposed by this Act applies to (i) 70% of the selling price  
10 of property transferred as an incident to the sale of service  
11 on or after January 1, 1990, and before July 1, 2003, (ii) 80%  
12 of the selling price of property transferred as an incident to  
13 the sale of service on or after July 1, 2003 and on or before  
14 July 1, 2017, and (iii) 100% of the selling price thereafter.  
15 If, at any time, however, the tax under this Act on sales of  
16 gasohol, as defined in the Use Tax Act, is imposed at the rate  
17 of 1.25%, then the tax imposed by this Act applies to 100% of  
18 the proceeds of sales of gasohol made during 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 selling price of property transferred as an incident to  
22 the sale of service on or after July 1, 2003 and on or before  
23 December 31, 2023 but applies to 100% of the selling price  
24 thereafter.

25 With respect to biodiesel blends, as defined in the Use  
26 Tax Act, with no less than 1% and no more than 10% biodiesel,

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

15 With respect to biodiesel, as defined in the Use Tax Act,  
16 and biodiesel blends, as defined in the Use Tax Act, with more  
17 than 10% but no more than 99% biodiesel, the tax imposed by  
18 this Act does not apply to the proceeds of the selling price of  
19 property transferred as an incident to the sale of service on  
20 or after July 1, 2003 and on or before December 31, 2023. On  
21 and after January 1, 2024 and on or before December 31, 2030,  
22 the taxation of biodiesel, renewable diesel, and biodiesel  
23 blends shall be as provided in Section 3-5.1 of the Use Tax  
24 Act.

25 At the election of any registered serviceman made for each  
26 fiscal year, sales of service in which the aggregate annual

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

9       Until July 1, 2022 and beginning again on July 1, 2023, the  
10 tax shall be imposed at the rate of 1% on food prepared for  
11 immediate consumption and transferred incident to a sale of  
12 service subject to this Act or the Service Occupation Tax Act  
13 by an entity licensed under the Hospital Licensing Act, the  
14 Nursing Home Care Act, the Assisted Living and Shared Housing  
15 Act, the ID/DD Community Care Act, the MC/DD Act, the  
16 Specialized Mental Health Rehabilitation Act of 2013, or the  
17 Child Care Act of 1969, or an entity that holds a permit issued  
18 pursuant to the Life Care Facilities Act. Until July 1, 2022  
19 and beginning again on July 1, 2023, the tax shall also be  
20 imposed at the rate of 1% on food for human consumption that is  
21 to be consumed off the premises where it is sold (other than  
22 alcoholic beverages, food consisting of or infused with adult  
23 use cannabis, soft drinks, and food that has been prepared for  
24 immediate consumption and is not otherwise included in this  
25 paragraph).

26       Beginning on July 1, 2022 and until July 1, 2023, the tax

1 shall be imposed at the rate of 0% on food prepared for  
2 immediate consumption and transferred incident to a sale of  
3 service subject to this Act or the Service Occupation Tax Act  
4 by an entity licensed under the Hospital Licensing Act, the  
5 Nursing Home Care Act, the Assisted Living and Shared Housing  
6 Act, the ID/DD Community Care Act, the MC/DD Act, the  
7 Specialized Mental Health Rehabilitation Act of 2013, or the  
8 Child Care Act of 1969, or an entity that holds a permit issued  
9 pursuant to the Life Care Facilities Act. Beginning on July 1,  
10 2022 and until July 1, 2023, the tax shall also be imposed at  
11 the rate of 0% on food for human consumption that is to be  
12 consumed off the premises where it is sold (other than  
13 alcoholic beverages, food consisting of or infused with adult  
14 use cannabis, soft drinks, and food that has been prepared for  
15 immediate consumption and is not otherwise included in this  
16 paragraph).

17 The tax shall also be imposed at the rate of 1% on  
18 prescription and nonprescription medicines, drugs, medical  
19 appliances, products classified as Class III medical devices  
20 by the United States Food and Drug Administration that are  
21 used for cancer treatment pursuant to a prescription, as well  
22 as any accessories and components related to those devices,  
23 modifications to a motor vehicle for the purpose of rendering  
24 it usable by a person with a disability, diapers, baby wipes,  
25 and insulin, blood sugar testing materials, syringes, and  
26 needles used by human diabetics. For the purposes of this

1 Section, until September 1, 2009: the term "soft drinks" means  
2 any complete, finished, ready-to-use, non-alcoholic drink,  
3 whether carbonated or not, including, but not limited to, soda  
4 water, cola, fruit juice, vegetable juice, carbonated water,  
5 and all other preparations commonly known as soft drinks of  
6 whatever kind or description that are contained in any closed  
7 or sealed bottle, can, carton, or container, regardless of  
8 size; but "soft drinks" does not include coffee, tea,  
9 non-carbonated water, infant formula, milk or milk products as  
10 defined in the Grade A Pasteurized Milk and Milk Products Act,  
11 or drinks containing 50% or more natural fruit or vegetable  
12 juice.

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

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

1 off the premises where it is sold" includes all food sold  
2 through a vending machine, except soft drinks, candy, and food  
3 products that are dispensed hot from a vending machine,  
4 regardless of the location of the vending machine.

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

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

1 (A) a ~~A~~ "Drug Facts" panel; or

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

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

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

15 If the property that is acquired from a serviceman is  
16 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  
21 out-of-state use.

22 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;  
23 102-4, eff. 4-27-21; 102-16, eff. 6-17-21; 102-700, Article  
24 20, Section 20-10, eff. 4-19-22; 102-700, Article 60, Section  
25 60-20, eff. 4-19-22; revised 6-1-22.)

1           Section 15. The Service Occupation Tax Act is amended by  
2 changing Sections 3-10 and 9 as follows:

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

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

22           Beginning on July 1, 2000 and through December 31, 2000,  
23 with respect to motor fuel, as defined in Section 1.1 of the  
24 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of  
25 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 shall apply to (i) 70% of the cost  
3 price of property transferred as an incident to the sale of  
4 service on or after January 1, 1990, and before July 1, 2003,  
5 (ii) 80% of the selling price of property transferred as an  
6 incident to the sale of service on or after July 1, 2003 and on  
7 or before July 1, 2017, and (iii) 100% of the cost price  
8 thereafter. If, at any time, however, the tax under this Act on  
9 sales of gasohol, as defined in the Use Tax Act, is imposed at  
10 the rate of 1.25%, then the tax imposed by this Act applies to  
11 100% of the proceeds of sales of gasohol made during that 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 after  
24 December 31, 2018 and before January 1, 2024. On and after  
25 January 1, 2024 and on or before December 31, 2030, the  
26 taxation of biodiesel, renewable diesel, and biodiesel blends

1 shall be as provided in Section 3-5.1 of the Use Tax Act. If,  
2 at any time, however, the tax under this Act on sales of  
3 biodiesel blends, as defined in the Use Tax Act, with no less  
4 than 1% and no more than 10% biodiesel is imposed at the rate  
5 of 1.25%, then the tax imposed by this Act applies to 100% of  
6 the proceeds of sales of biodiesel blends with no less than 1%  
7 and no more than 10% biodiesel made during that time.

8 With respect to biodiesel, as defined in the Use Tax Act,  
9 and biodiesel blends, as defined in the Use Tax Act, with more  
10 than 10% but no more than 99% biodiesel material, the tax  
11 imposed by this Act does not apply to the proceeds of the  
12 selling price of property transferred as an incident to the  
13 sale of service on or after July 1, 2003 and on or before  
14 December 31, 2023. On and after January 1, 2024 and on or  
15 before December 31, 2030, the taxation of biodiesel, renewable  
16 diesel, and biodiesel blends shall be as provided in Section  
17 3-5.1 of the Use Tax Act.

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

1 transferred incident to the sale of those services.

2       Until July 1, 2022 and beginning again on July 1, 2023, the  
3 tax shall be imposed at the rate of 1% on food prepared for  
4 immediate consumption and transferred incident to a sale of  
5 service subject to this Act or the Service Use Tax Act by an  
6 entity licensed under the Hospital Licensing Act, the Nursing  
7 Home Care Act, the Assisted Living and Shared Housing Act, the  
8 ID/DD Community Care Act, the MC/DD Act, the Specialized  
9 Mental Health Rehabilitation Act of 2013, or the Child Care  
10 Act of 1969, or an entity that holds a permit issued pursuant  
11 to the Life Care Facilities Act. Until July 1, 2022 and  
12 beginning again on July 1, 2023, the tax shall also be imposed  
13 at the rate of 1% on food for human consumption that is to be  
14 consumed off the premises where it is sold (other than  
15 alcoholic beverages, food consisting of or infused with adult  
16 use cannabis, soft drinks, and food that has been prepared for  
17 immediate consumption and is not otherwise included in this  
18 paragraph).

19       Beginning on July 1, 2022 and until July 1, 2023, the tax  
20 shall be imposed at the rate of 0% on food prepared for  
21 immediate consumption and transferred incident to a sale of  
22 service subject to this Act or the Service Use Tax Act by an  
23 entity licensed under the Hospital Licensing Act, the Nursing  
24 Home Care Act, the Assisted Living and Shared Housing Act, the  
25 ID/DD Community Care Act, the MC/DD Act, the Specialized  
26 Mental Health Rehabilitation Act of 2013, or the Child Care

1 Act of 1969, or an entity that holds a permit issued pursuant  
2 to the Life Care Facilities Act. Beginning July 1, 2022 and  
3 until July 1, 2023, the tax shall also be imposed at the rate  
4 of 0% on food for human consumption that is to be consumed off  
5 the premises where it is sold (other than alcoholic beverages,  
6 food consisting of or infused with adult use cannabis, soft  
7 drinks, and food that has been prepared for immediate  
8 consumption and is not otherwise included in this paragraph).

9 The tax shall also be imposed at the rate of 1% on  
10 prescription and nonprescription medicines, drugs, medical  
11 appliances, products classified as Class III medical devices  
12 by the United States Food and Drug Administration that are  
13 used for cancer treatment pursuant to a prescription, as well  
14 as any accessories and components related to those devices,  
15 modifications to a motor vehicle for the purpose of rendering  
16 it usable by a person with a disability, diapers, baby wipes,  
17 and insulin, blood sugar testing materials, syringes, and  
18 needles used by human diabetics. For the purposes of this  
19 Section, until September 1, 2009: the term "soft drinks" means  
20 any complete, finished, ready-to-use, non-alcoholic drink,  
21 whether carbonated or not, including, but not limited to, soda  
22 water, cola, fruit juice, vegetable juice, carbonated water,  
23 and all other preparations commonly known as soft drinks of  
24 whatever kind or description that are contained in any closed  
25 or sealed can, carton, or container, regardless of size; but  
26 "soft drinks" does not include coffee, tea, non-carbonated

1 water, infant formula, milk or milk products as defined in the  
2 Grade A Pasteurized Milk and Milk Products Act, or drinks  
3 containing 50% or more natural fruit or vegetable juice.

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

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

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

1 sweeteners in combination with chocolate, fruits, nuts or  
2 other ingredients or flavorings in the form of bars, drops, or  
3 pieces. "Candy" does not include any preparation that contains  
4 flour or requires refrigeration.

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

- 18 (A) a ~~A~~ "Drug Facts" panel; or  
19 (B) a ~~A~~ statement of the "active ingredient(s)" with a  
20 list of those ingredients contained in the compound,  
21 substance or preparation.

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

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

6           (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;  
7 102-4, eff. 4-27-21; 102-16, eff. 6-17-21; 102-700, Article  
8 20, Section 20-15, eff. 4-19-22; 102-700, Article 60, Section  
9 60-25, eff. 4-19-22; revised 6-1-22.)

10           Section 20. The Retailers' Occupation Tax Act is amended  
11 by changing Sections 2-10 and 3 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  
16 in 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, and  
22 beginning again on August 5, 2022 through August 14, 2022,  
23 with respect to sales tax holiday items as defined in Section  
24 2-8 of this Act, the tax is imposed at the rate of 1.25%.

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

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



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

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

21           With respect to biodiesel, as defined in the Use Tax Act,  
22 and biodiesel blends, as defined in the Use Tax Act, with more  
23 than 10% but no more than 99% biodiesel, the tax imposed by  
24 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. On and  
26 after January 1, 2024 and on or before December 31, 2030, the

1 taxation of biodiesel, renewable diesel, and biodiesel blends  
2 shall be as provided in Section 3-5.1 of the Use Tax Act.

3       Until July 1, 2022 and beginning again on July 1, 2023,  
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), the tax is imposed at the rate of 1%.  
9 Beginning July 1, 2022 and until July 1, 2023, with respect to  
10 food for human consumption that is to be consumed off the  
11 premises where it is sold (other than alcoholic beverages,  
12 food consisting of or infused with adult use cannabis, soft  
13 drinks, and food that has been prepared for immediate  
14 consumption), the tax is imposed at the rate of 0%.

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

1 non-alcoholic drink, whether carbonated or not, including, but  
2 not limited to, soda water, cola, fruit juice, vegetable  
3 juice, carbonated water, and all other preparations commonly  
4 known as soft drinks of whatever kind or description that are  
5 contained in any closed or sealed bottle, can, carton, or  
6 container, regardless of size; but "soft drinks" does not  
7 include coffee, tea, non-carbonated water, infant formula,  
8 milk or milk products as defined in the Grade A Pasteurized  
9 Milk and Milk Products Act, or drinks containing 50% or more  
10 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 ~~do~~ not include beverages that contain milk or  
15 milk products, soy, rice or similar milk substitutes, or  
16 greater 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 ~~C.F.R.~~ § 201.66. The  
24 "over-the-counter-drug" label includes:

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

26 (B) a ~~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) ~~this amendatory Act of the 98th General Assembly,~~  
5 "prescription and nonprescription medicines and drugs"  
6 includes medical cannabis purchased from a registered  
7 dispensing organization under the Compassionate Use of Medical  
8 Cannabis Program Act.

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

14 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;  
15 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-20, eff.  
16 4-19-22; 102-700, Article 60, Section 60-30, eff. 4-19-22;  
17 102-700, Article 65, Section 65-10, eff. 4-19-22; revised  
18 6-1-22.)