



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB1841

Introduced 2/9/2023, by Sen. Elgie R. Sims, Jr.

SYNOPSIS AS INTRODUCED:

35 ILCS 105/2	from Ch. 120, par. 439.2
35 ILCS 105/3-10	
35 ILCS 120/1	from Ch. 120, par. 440
35 ILCS 120/2-10	

Amends the Use Tax Act and the Retailers' Occupation Tax Act. Provides that, with respect to the sale of a manufactured home, if the purchase is the first purchase of the manufactured home for use as a dwelling and the purchaser certifies that the manufactured home will be affixed to a permanent foundation in the State, then the tax imposed by the Acts applies to 50% of the selling price (in the case of the Use Tax Act) or 50% of the gross receipts from the sale (in the case of the Retailers' Occupation Tax Act). Effective immediately.

LRB103 25906 HLH 52257 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 2 and 3-10 as follows:

6 (35 ILCS 105/2) (from Ch. 120, par. 439.2)

7 Sec. 2. Definitions.

8 "Use" means the exercise by any person of any right or
9 power over tangible personal property incident to the
10 ownership of that property, except that it does not include
11 the sale of such property in any form as tangible personal
12 property in the regular course of business to the extent that
13 such property is not first subjected to a use for which it was
14 purchased, and does not include the use of such property by its
15 owner for demonstration purposes: Provided that the property
16 purchased is deemed to be purchased for the purpose of resale,
17 despite first being used, to the extent to which it is resold
18 as an ingredient of an intentionally produced product or
19 by-product of manufacturing. "Use" does not mean the
20 demonstration use or interim use of tangible personal property
21 by a retailer before he sells that tangible personal property.
22 For watercraft or aircraft, if the period of demonstration use
23 or interim use by the retailer exceeds 18 months, the retailer

1 shall pay on the retailers' original cost price the tax
2 imposed by this Act, and no credit for that tax is permitted if
3 the watercraft or aircraft is subsequently sold by the
4 retailer. "Use" does not mean the physical incorporation of
5 tangible personal property, to the extent not first subjected
6 to a use for which it was purchased, as an ingredient or
7 constituent, into other tangible personal property (a) which
8 is sold in the regular course of business or (b) which the
9 person incorporating such ingredient or constituent therein
10 has undertaken at the time of such purchase to cause to be
11 transported in interstate commerce to destinations outside the
12 State of Illinois: Provided that the property purchased is
13 deemed to be purchased for the purpose of resale, despite
14 first being used, to the extent to which it is resold as an
15 ingredient of an intentionally produced product or by-product
16 of manufacturing.

17 "Watercraft" means a Class 2, Class 3, or Class 4
18 watercraft as defined in Section 3-2 of the Boat Registration
19 and Safety Act, a personal watercraft, or any boat equipped
20 with an inboard motor.

21 "Purchase at retail" means the acquisition of the
22 ownership of or title to tangible personal property through a
23 sale at retail.

24 "Purchaser" means anyone who, through a sale at retail,
25 acquires the ownership of tangible personal property for a
26 valuable consideration.

1 "Sale at retail" means any transfer of the ownership of or
2 title to tangible personal property to a purchaser, for the
3 purpose of use, and not for the purpose of resale in any form
4 as tangible personal property to the extent not first
5 subjected to a use for which it was purchased, for a valuable
6 consideration: Provided that the property purchased is deemed
7 to be purchased for the purpose of resale, despite first being
8 used, to the extent to which it is resold as an ingredient of
9 an intentionally produced product or by-product of
10 manufacturing. For this purpose, slag produced as an incident
11 to manufacturing pig iron or steel and sold is considered to be
12 an intentionally produced by-product of manufacturing. "Sale
13 at retail" includes any such transfer made for resale unless
14 made in compliance with Section 2c of the Retailers'
15 Occupation Tax Act, as incorporated by reference into Section
16 12 of this Act. Transactions whereby the possession of the
17 property is transferred but the seller retains the title as
18 security for payment of the selling price are sales.

19 "Sale at retail" shall also be construed to include any
20 Illinois florist's sales transaction in which the purchase
21 order is received in Illinois by a florist and the sale is for
22 use or consumption, but the Illinois florist has a florist in
23 another state deliver the property to the purchaser or the
24 purchaser's donee in such other state.

25 Nonreusable tangible personal property that is used by
26 persons engaged in the business of operating a restaurant,

1 cafeteria, or drive-in is a sale for resale when it is
2 transferred to customers in the ordinary course of business as
3 part of the sale of food or beverages and is used to deliver,
4 package, or consume food or beverages, regardless of where
5 consumption of the food or beverages occurs. Examples of those
6 items include, but are not limited to nonreusable, paper and
7 plastic cups, plates, baskets, boxes, sleeves, buckets or
8 other containers, utensils, straws, placemats, napkins, doggie
9 bags, and wrapping or packaging materials that are transferred
10 to customers as part of the sale of food or beverages in the
11 ordinary course of business.

12 The purchase, employment and transfer of such tangible
13 personal property as newsprint and ink for the primary purpose
14 of conveying news (with or without other information) is not a
15 purchase, use or sale of tangible personal property.

16 "Selling price" means the consideration for a sale valued
17 in money whether received in money or otherwise, including
18 cash, credits, property other than as hereinafter provided,
19 and services, but, prior to January 1, 2020 and beginning
20 again on January 1, 2022, not including the value of or credit
21 given for traded-in tangible personal property where the item
22 that is traded-in is of like kind and character as that which
23 is being sold; beginning January 1, 2020 and until January 1,
24 2022, "selling price" includes the portion of the value of or
25 credit given for traded-in motor vehicles of the First
26 Division as defined in Section 1-146 of the Illinois Vehicle

1 Code of like kind and character as that which is being sold
2 that exceeds \$10,000. "Selling price" shall be determined
3 without any deduction on account of the cost of the property
4 sold, the cost of materials used, labor or service cost or any
5 other expense whatsoever, but does not include interest or
6 finance charges which appear as separate items on the bill of
7 sale or sales contract nor charges that are added to prices by
8 sellers on account of the seller's tax liability under the
9 Retailers' Occupation Tax Act, or on account of the seller's
10 duty to collect, from the purchaser, the tax that is imposed by
11 this Act, or, except as otherwise provided with respect to any
12 cigarette tax imposed by a home rule unit, on account of the
13 seller's tax liability under any local occupation tax
14 administered by the Department, or, except as otherwise
15 provided with respect to any cigarette tax imposed by a home
16 rule unit on account of the seller's duty to collect, from the
17 purchasers, the tax that is imposed under any local use tax
18 administered by the Department. Effective December 1, 1985,
19 "selling price" shall include charges that are added to prices
20 by sellers on account of the seller's tax liability under the
21 Cigarette Tax Act, on account of the seller's duty to collect,
22 from the purchaser, the tax imposed under the Cigarette Use
23 Tax Act, and on account of the seller's duty to collect, from
24 the purchaser, any cigarette tax imposed by a home rule unit.

25 Notwithstanding any law to the contrary, for any motor
26 vehicle, as defined in Section 1-146 of the Vehicle Code, that

1 is sold on or after January 1, 2015 for the purpose of leasing
2 the vehicle for a defined period that is longer than one year
3 and (1) is a motor vehicle of the second division that: (A) is
4 a self-contained motor vehicle designed or permanently
5 converted to provide living quarters for recreational,
6 camping, or travel use, with direct walk through access to the
7 living quarters from the driver's seat; (B) is of the van
8 configuration designed for the transportation of not less than
9 7 nor more than 16 passengers; or (C) has a gross vehicle
10 weight rating of 8,000 pounds or less or (2) is a motor vehicle
11 of the first division, "selling price" or "amount of sale"
12 means the consideration received by the lessor pursuant to the
13 lease contract, including amounts due at lease signing and all
14 monthly or other regular payments charged over the term of the
15 lease. Also included in the selling price is any amount
16 received by the lessor from the lessee for the leased vehicle
17 that is not calculated at the time the lease is executed,
18 including, but not limited to, excess mileage charges and
19 charges for excess wear and tear. For sales that occur in
20 Illinois, with respect to any amount received by the lessor
21 from the lessee for the leased vehicle that is not calculated
22 at the time the lease is executed, the lessor who purchased the
23 motor vehicle does not incur the tax imposed by the Use Tax Act
24 on those amounts, and the retailer who makes the retail sale of
25 the motor vehicle to the lessor is not required to collect the
26 tax imposed by this Act or to pay the tax imposed by the

1 Retailers' Occupation Tax Act on those amounts. However, the
2 lessor who purchased the motor vehicle assumes the liability
3 for reporting and paying the tax on those amounts directly to
4 the Department in the same form (Illinois Retailers'
5 Occupation Tax, and local retailers' occupation taxes, if
6 applicable) in which the retailer would have reported and paid
7 such tax if the retailer had accounted for the tax to the
8 Department. For amounts received by the lessor from the lessee
9 that are not calculated at the time the lease is executed, the
10 lessor must file the return and pay the tax to the Department
11 by the due date otherwise required by this Act for returns
12 other than transaction returns. If the retailer is entitled
13 under this Act to a discount for collecting and remitting the
14 tax imposed under this Act to the Department with respect to
15 the sale of the motor vehicle to the lessor, then the right to
16 the discount provided in this Act shall be transferred to the
17 lessor with respect to the tax paid by the lessor for any
18 amount received by the lessor from the lessee for the leased
19 vehicle that is not calculated at the time the lease is
20 executed; provided that the discount is only allowed if the
21 return is timely filed and for amounts timely paid. The
22 "selling price" of a motor vehicle that is sold on or after
23 January 1, 2015 for the purpose of leasing for a defined period
24 of longer than one year shall not be reduced by the value of or
25 credit given for traded-in tangible personal property owned by
26 the lessor, nor shall it be reduced by the value of or credit

1 given for traded-in tangible personal property owned by the
2 lessee, regardless of whether the trade-in value thereof is
3 assigned by the lessee to the lessor. In the case of a motor
4 vehicle that is sold for the purpose of leasing for a defined
5 period of longer than one year, the sale occurs at the time of
6 the delivery of the vehicle, regardless of the due date of any
7 lease payments. A lessor who incurs a Retailers' Occupation
8 Tax liability on the sale of a motor vehicle coming off lease
9 may not take a credit against that liability for the Use Tax
10 the lessor paid upon the purchase of the motor vehicle (or for
11 any tax the lessor paid with respect to any amount received by
12 the lessor from the lessee for the leased vehicle that was not
13 calculated at the time the lease was executed) if the selling
14 price of the motor vehicle at the time of purchase was
15 calculated using the definition of "selling price" as defined
16 in this paragraph. Notwithstanding any other provision of this
17 Act to the contrary, lessors shall file all returns and make
18 all payments required under this paragraph to the Department
19 by electronic means in the manner and form as required by the
20 Department. This paragraph does not apply to leases of motor
21 vehicles for which, at the time the lease is entered into, the
22 term of the lease is not a defined period, including leases
23 with a defined initial period with the option to continue the
24 lease on a month-to-month or other basis beyond the initial
25 defined period.

26 The phrase "like kind and character" shall be liberally

1 construed (including but not limited to any form of motor
2 vehicle for any form of motor vehicle, or any kind of farm or
3 agricultural implement for any other kind of farm or
4 agricultural implement), while not including a kind of item
5 which, if sold at retail by that retailer, would be exempt from
6 retailers' occupation tax and use tax as an isolated or
7 occasional sale.

8 "Department" means the Department of Revenue.

9 "Person" means any natural individual, firm, partnership,
10 association, joint stock company, joint adventure, public or
11 private corporation, limited liability company, or a receiver,
12 executor, trustee, guardian or other representative appointed
13 by order of any court.

14 "Retailer" means and includes every person engaged in the
15 business of making sales at retail as defined in this Section.

16 A person who holds himself or herself out as being engaged
17 (or who habitually engages) in selling tangible personal
18 property at retail is a retailer hereunder with respect to
19 such sales (and not primarily in a service occupation)
20 notwithstanding the fact that such person designs and produces
21 such tangible personal property on special order for the
22 purchaser and in such a way as to render the property of value
23 only to such purchaser, if such tangible personal property so
24 produced on special order serves substantially the same
25 function as stock or standard items of tangible personal
26 property that are sold at retail.

1 A person whose activities are organized and conducted
2 primarily as a not-for-profit service enterprise, and who
3 engages in selling tangible personal property at retail
4 (whether to the public or merely to members and their guests)
5 is a retailer with respect to such transactions, excepting
6 only a person organized and operated exclusively for
7 charitable, religious or educational purposes either (1), to
8 the extent of sales by such person to its members, students,
9 patients or inmates of tangible personal property to be used
10 primarily for the purposes of such person, or (2), to the
11 extent of sales by such person of tangible personal property
12 which is not sold or offered for sale by persons organized for
13 profit. The selling of school books and school supplies by
14 schools at retail to students is not "primarily for the
15 purposes of" the school which does such selling. This
16 paragraph does not apply to nor subject to taxation occasional
17 dinners, social or similar activities of a person organized
18 and operated exclusively for charitable, religious or
19 educational purposes, whether or not such activities are open
20 to the public.

21 A person who is the recipient of a grant or contract under
22 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
23 serves meals to participants in the federal Nutrition Program
24 for the Elderly in return for contributions established in
25 amount by the individual participant pursuant to a schedule of
26 suggested fees as provided for in the federal Act is not a

1 retailer under this Act with respect to such transactions.

2 Persons who engage in the business of transferring
3 tangible personal property upon the redemption of trading
4 stamps are retailers hereunder when engaged in such business.

5 The isolated or occasional sale of tangible personal
6 property at retail by a person who does not hold himself out as
7 being engaged (or who does not habitually engage) in selling
8 such tangible personal property at retail or a sale through a
9 bulk vending machine does not make such person a retailer
10 hereunder. However, any person who is engaged in a business
11 which is not subject to the tax imposed by the Retailers'
12 Occupation Tax Act because of involving the sale of or a
13 contract to sell real estate or a construction contract to
14 improve real estate, but who, in the course of conducting such
15 business, transfers tangible personal property to users or
16 consumers in the finished form in which it was purchased, and
17 which does not become real estate, under any provision of a
18 construction contract or real estate sale or real estate sales
19 agreement entered into with some other person arising out of
20 or because of such nontaxable business, is a retailer to the
21 extent of the value of the tangible personal property so
22 transferred. If, in such transaction, a separate charge is
23 made for the tangible personal property so transferred, the
24 value of such property, for the purposes of this Act, is the
25 amount so separately charged, but not less than the cost of
26 such property to the transferor; if no separate charge is

1 made, the value of such property, for the purposes of this Act,
2 is the cost to the transferor of such tangible personal
3 property.

4 "Retailer maintaining a place of business in this State",
5 or any like term, means and includes any of the following
6 retailers:

7 (1) A retailer having or maintaining within this
8 State, directly or by a subsidiary, an office,
9 distribution house, sales house, warehouse or other place
10 of business, or any agent or other representative
11 operating within this State under the authority of the
12 retailer or its subsidiary, irrespective of whether such
13 place of business or agent or other representative is
14 located here permanently or temporarily, or whether such
15 retailer or subsidiary is licensed to do business in this
16 State. However, the ownership of property that is located
17 at the premises of a printer with which the retailer has
18 contracted for printing and that consists of the final
19 printed product, property that becomes a part of the final
20 printed product, or copy from which the printed product is
21 produced shall not result in the retailer being deemed to
22 have or maintain an office, distribution house, sales
23 house, warehouse, or other place of business within this
24 State.

25 (1.1) A retailer having a contract with a person
26 located in this State under which the person, for a

1 commission or other consideration based upon the sale of
2 tangible personal property by the retailer, directly or
3 indirectly refers potential customers to the retailer by
4 providing to the potential customers a promotional code or
5 other mechanism that allows the retailer to track
6 purchases referred by such persons. Examples of mechanisms
7 that allow the retailer to track purchases referred by
8 such persons include but are not limited to the use of a
9 link on the person's Internet website, promotional codes
10 distributed through the person's hand-delivered or mailed
11 material, and promotional codes distributed by the person
12 through radio or other broadcast media. The provisions of
13 this paragraph (1.1) shall apply only if the cumulative
14 gross receipts from sales of tangible personal property by
15 the retailer to customers who are referred to the retailer
16 by all persons in this State under such contracts exceed
17 \$10,000 during the preceding 4 quarterly periods ending on
18 the last day of March, June, September, and December. A
19 retailer meeting the requirements of this paragraph (1.1)
20 shall be presumed to be maintaining a place of business in
21 this State but may rebut this presumption by submitting
22 proof that the referrals or other activities pursued
23 within this State by such persons were not sufficient to
24 meet the nexus standards of the United States Constitution
25 during the preceding 4 quarterly periods.

26 (1.2) Beginning July 1, 2011, a retailer having a

1 contract with a person located in this State under which:

2 (A) the retailer sells the same or substantially
3 similar line of products as the person located in this
4 State and does so using an identical or substantially
5 similar name, trade name, or trademark as the person
6 located in this State; and

7 (B) the retailer provides a commission or other
8 consideration to the person located in this State
9 based upon the sale of tangible personal property by
10 the retailer.

11 The provisions of this paragraph (1.2) shall apply
12 only if the cumulative gross receipts from sales of
13 tangible personal property by the retailer to customers in
14 this State under all such contracts exceed \$10,000 during
15 the preceding 4 quarterly periods ending on the last day
16 of March, June, September, and December.

17 (2) (Blank).

18 (3) (Blank).

19 (4) (Blank).

20 (5) (Blank).

21 (6) (Blank).

22 (7) (Blank).

23 (8) (Blank).

24 (9) Beginning October 1, 2018, a retailer making sales
25 of tangible personal property to purchasers in Illinois
26 from outside of Illinois if:

1 (A) the cumulative gross receipts from sales of
2 tangible personal property to purchasers in Illinois
3 are \$100,000 or more; or

4 (B) the retailer enters into 200 or more separate
5 transactions for the sale of tangible personal
6 property to purchasers in Illinois.

7 The retailer shall determine on a quarterly basis,
8 ending on the last day of March, June, September, and
9 December, whether he or she meets the criteria of either
10 subparagraph (A) or (B) of this paragraph (9) for the
11 preceding 12-month period. If the retailer meets the
12 threshold of either subparagraph (A) or (B) for a 12-month
13 period, he or she is considered a retailer maintaining a
14 place of business in this State and is required to collect
15 and remit the tax imposed under this Act and file returns
16 for one year. At the end of that one-year period, the
17 retailer shall determine whether he or she met the
18 threshold of either subparagraph (A) or (B) during the
19 preceding 12-month period. If the retailer met the
20 criteria in either subparagraph (A) or (B) for the
21 preceding 12-month period, he or she is considered a
22 retailer maintaining a place of business in this State and
23 is required to collect and remit the tax imposed under
24 this Act and file returns for the subsequent year. If at
25 the end of a one-year period a retailer that was required
26 to collect and remit the tax imposed under this Act

1 determines that he or she did not meet the threshold in
2 either subparagraph (A) or (B) during the preceding
3 12-month period, the retailer shall subsequently determine
4 on a quarterly basis, ending on the last day of March,
5 June, September, and December, whether he or she meets the
6 threshold of either subparagraph (A) or (B) for the
7 preceding 12-month period.

8 Beginning January 1, 2020, neither the gross receipts
9 from nor the number of separate transactions for sales of
10 tangible personal property to purchasers in Illinois that
11 a retailer makes through a marketplace facilitator and for
12 which the retailer has received a certification from the
13 marketplace facilitator pursuant to Section 2d of this Act
14 shall be included for purposes of determining whether he
15 or she has met the thresholds of this paragraph (9).

16 (10) Beginning January 1, 2020, a marketplace
17 facilitator that meets a threshold set forth in subsection
18 (b) of Section 2d of this Act.

19 "Bulk vending machine" means a vending machine, containing
20 unsorted confections, nuts, toys, or other items designed
21 primarily to be used or played with by children which, when a
22 coin or coins of a denomination not larger than \$0.50 are
23 inserted, are dispensed in equal portions, at random and
24 without selection by the customer.

25 As used in Section 3-10, "manufactured home" means a
26 factory-assembled, completely integrated structure designed

1 for permanent habitation that:

2 (1) is designed to be used as a single-family dwelling
3 which complies with the standards established under 42
4 U.S.C. 70;

5 (2) is transportable in one or more sections;

6 (3) is installed according to the manufacturer's
7 instructions and connected to residential utilities for
8 year-round occupancy; and

9 (4) contains an area of at least 320 square feet.

10 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 1-1-20;
11 101-604, eff. 1-1-20; 102-353, eff. 1-1-22.)

12 (35 ILCS 105/3-10)

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 either the selling price or the fair market value, if any, of
16 the tangible personal property. In all cases where property
17 functionally used or consumed is the same as the property that
18 was purchased at retail, then the tax is imposed on the selling
19 price of the property. In all cases where property
20 functionally used or consumed is a by-product or waste product
21 that has been refined, manufactured, or produced from property
22 purchased at retail, then the tax is imposed on the lower of
23 the fair market value, if any, of the specific property so used
24 in this State or on the selling price of the property purchased
25 at retail. For purposes of this Section "fair market value"

1 means the price at which property would change hands between a
2 willing buyer and a willing seller, neither being under any
3 compulsion to buy or sell and both having reasonable knowledge
4 of the relevant facts. The fair market value shall be
5 established by Illinois sales by the taxpayer of the same
6 property as that functionally used or consumed, or if there
7 are no such sales by the taxpayer, then comparable sales or
8 purchases of property of like kind and character in Illinois.

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

13 Beginning on August 6, 2010 through August 15, 2010, and
14 beginning again on August 5, 2022 through August 14, 2022,
15 with respect to sales tax holiday items as defined in Section
16 3-6 of this Act, the tax is imposed at the rate of 1.25%.

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

26 With respect to majority blended ethanol fuel, the tax

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

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

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

26 On and after January 1, 2024, with respect to the sale of a

1 manufactured home, as defined in Section 2, if the purchase is
2 the first purchase of the manufactured home for use as a
3 dwelling and the purchaser who will use the home as a dwelling
4 certifies that the manufactured home will be affixed to a
5 permanent foundation in the State so that the manufactured
6 home is deemed to be real property under the Conveyance and
7 Encumbrance of Manufactured Homes as Real Property and
8 Severance Act, then the tax imposed by this Act applies to 50%
9 of the selling price of the manufactured home. The seller,
10 whether acting as a construction contractor or not, must
11 retain the purchaser's certification in his or her books and
12 records for a period of 7 years after the date of the sale.
13 This paragraph is exempt from the provisions of Section 3-90.

14 Until July 1, 2022 and beginning again on July 1, 2023,
15 with respect to food for human consumption that is to be
16 consumed off the premises where it is sold (other than
17 alcoholic beverages, food consisting of or infused with adult
18 use cannabis, soft drinks, and food that has been prepared for
19 immediate consumption), the tax is imposed at the rate of 1%.
20 Beginning on July 1, 2022 and until July 1, 2023, with respect
21 to food for human consumption that is to be consumed off the
22 premises where it is sold (other than alcoholic beverages,
23 food consisting of or infused with adult use cannabis, soft
24 drinks, and food that has been prepared for immediate
25 consumption), the tax is imposed at the rate of 0%.

26 With respect to prescription and nonprescription

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

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

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

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

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

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

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

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

13 Beginning on January 1, 2014 (the effective date of Public
14 Act 98-122) ~~this amendatory Act of the 98th General Assembly,~~
15 "prescription and nonprescription medicines and drugs"
16 includes medical cannabis purchased from a registered
17 dispensing organization under the Compassionate Use of Medical
18 Cannabis Program Act.

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

24 If the property that is purchased at retail from a
25 retailer is acquired outside Illinois and used outside
26 Illinois before being brought to Illinois for use here and is

1 taxable under this Act, the "selling price" on which the tax is
2 computed shall be reduced by an amount that represents a
3 reasonable allowance for depreciation for the period of prior
4 out-of-state use.

5 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
6 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-5, eff.
7 4-19-22; 102-700, Article 60, Section 60-15, eff. 4-19-22;
8 102-700, Article 65, Section 65-5, eff. 4-19-22; revised
9 5-27-22.)

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

12 (35 ILCS 120/1) (from Ch. 120, par. 440)

13 Sec. 1. Definitions. "Sale at retail" means any transfer
14 of the ownership of or title to tangible personal property to a
15 purchaser, for the purpose of use or consumption, and not for
16 the purpose of resale in any form as tangible personal
17 property to the extent not first subjected to a use for which
18 it was purchased, for a valuable consideration: Provided that
19 the property purchased is deemed to be purchased for the
20 purpose of resale, despite first being used, to the extent to
21 which it is resold as an ingredient of an intentionally
22 produced product or byproduct of manufacturing. For this
23 purpose, slag produced as an incident to manufacturing pig
24 iron or steel and sold is considered to be an intentionally

1 produced byproduct of manufacturing. Transactions whereby the
2 possession of the property is transferred but the seller
3 retains the title as security for payment of the selling price
4 shall be deemed to be sales.

5 "Sale at retail" shall be construed to include any
6 transfer of the ownership of or title to tangible personal
7 property to a purchaser, for use or consumption by any other
8 person to whom such purchaser may transfer the tangible
9 personal property without a valuable consideration, and to
10 include any transfer, whether made for or without a valuable
11 consideration, for resale in any form as tangible personal
12 property unless made in compliance with Section 2c of this
13 Act.

14 Sales of tangible personal property, which property, to
15 the extent not first subjected to a use for which it was
16 purchased, as an ingredient or constituent, goes into and
17 forms a part of tangible personal property subsequently the
18 subject of a "Sale at retail", are not sales at retail as
19 defined in this Act: Provided that the property purchased is
20 deemed to be purchased for the purpose of resale, despite
21 first being used, to the extent to which it is resold as an
22 ingredient of an intentionally produced product or byproduct
23 of manufacturing.

24 "Sale at retail" shall be construed to include any
25 Illinois florist's sales transaction in which the purchase
26 order is received in Illinois by a florist and the sale is for

1 use or consumption, but the Illinois florist has a florist in
2 another state deliver the property to the purchaser or the
3 purchaser's donee in such other state.

4 Nonreusable tangible personal property that is used by
5 persons engaged in the business of operating a restaurant,
6 cafeteria, or drive-in is a sale for resale when it is
7 transferred to customers in the ordinary course of business as
8 part of the sale of food or beverages and is used to deliver,
9 package, or consume food or beverages, regardless of where
10 consumption of the food or beverages occurs. Examples of those
11 items include, but are not limited to nonreusable, paper and
12 plastic cups, plates, baskets, boxes, sleeves, buckets or
13 other containers, utensils, straws, placemats, napkins, doggie
14 bags, and wrapping or packaging materials that are transferred
15 to customers as part of the sale of food or beverages in the
16 ordinary course of business.

17 The purchase, employment and transfer of such tangible
18 personal property as newsprint and ink for the primary purpose
19 of conveying news (with or without other information) is not a
20 purchase, use or sale of tangible personal property.

21 A person whose activities are organized and conducted
22 primarily as a not-for-profit service enterprise, and who
23 engages in selling tangible personal property at retail
24 (whether to the public or merely to members and their guests)
25 is engaged in the business of selling tangible personal
26 property at retail with respect to such transactions,

1 excepting only a person organized and operated exclusively for
2 charitable, religious or educational purposes either (1), to
3 the extent of sales by such person to its members, students,
4 patients or inmates of tangible personal property to be used
5 primarily for the purposes of such person, or (2), to the
6 extent of sales by such person of tangible personal property
7 which is not sold or offered for sale by persons organized for
8 profit. The selling of school books and school supplies by
9 schools at retail to students is not "primarily for the
10 purposes of" the school which does such selling. The
11 provisions of this paragraph shall not apply to nor subject to
12 taxation occasional dinners, socials or similar activities of
13 a person organized and operated exclusively for charitable,
14 religious or educational purposes, whether or not such
15 activities are open to the public.

16 A person who is the recipient of a grant or contract under
17 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
18 serves meals to participants in the federal Nutrition Program
19 for the Elderly in return for contributions established in
20 amount by the individual participant pursuant to a schedule of
21 suggested fees as provided for in the federal Act is not
22 engaged in the business of selling tangible personal property
23 at retail with respect to such transactions.

24 "Purchaser" means anyone who, through a sale at retail,
25 acquires the ownership of or title to tangible personal
26 property for a valuable consideration.

1 "Reseller of motor fuel" means any person engaged in the
2 business of selling or delivering or transferring title of
3 motor fuel to another person other than for use or
4 consumption. No person shall act as a reseller of motor fuel
5 within this State without first being registered as a reseller
6 pursuant to Section 2c or a retailer pursuant to Section 2a.

7 "Selling price" or the "amount of sale" means the
8 consideration for a sale valued in money whether received in
9 money or otherwise, including cash, credits, property, other
10 than as hereinafter provided, and services, but, prior to
11 January 1, 2020 and beginning again on January 1, 2022, not
12 including the value of or credit given for traded-in tangible
13 personal property where the item that is traded-in is of like
14 kind and character as that which is being sold; beginning
15 January 1, 2020 and until January 1, 2022, "selling price"
16 includes the portion of the value of or credit given for
17 traded-in motor vehicles of the First Division as defined in
18 Section 1-146 of the Illinois Vehicle Code of like kind and
19 character as that which is being sold that exceeds \$10,000.
20 "Selling price" shall be determined without any deduction on
21 account of the cost of the property sold, the cost of materials
22 used, labor or service cost or any other expense whatsoever,
23 but does not include charges that are added to prices by
24 sellers on account of the seller's tax liability under this
25 Act, or on account of the seller's duty to collect, from the
26 purchaser, the tax that is imposed by the Use Tax Act, or,

1 except as otherwise provided with respect to any cigarette tax
2 imposed by a home rule unit, on account of the seller's tax
3 liability under any local occupation tax administered by the
4 Department, or, except as otherwise provided with respect to
5 any cigarette tax imposed by a home rule unit on account of the
6 seller's duty to collect, from the purchasers, the tax that is
7 imposed under any local use tax administered by the
8 Department. Effective December 1, 1985, "selling price" shall
9 include charges that are added to prices by sellers on account
10 of the seller's tax liability under the Cigarette Tax Act, on
11 account of the sellers' duty to collect, from the purchaser,
12 the tax imposed under the Cigarette Use Tax Act, and on account
13 of the seller's duty to collect, from the purchaser, any
14 cigarette tax imposed by a home rule unit.

15 Notwithstanding any law to the contrary, for any motor
16 vehicle, as defined in Section 1-146 of the Vehicle Code, that
17 is sold on or after January 1, 2015 for the purpose of leasing
18 the vehicle for a defined period that is longer than one year
19 and (1) is a motor vehicle of the second division that: (A) is
20 a self-contained motor vehicle designed or permanently
21 converted to provide living quarters for recreational,
22 camping, or travel use, with direct walk through access to the
23 living quarters from the driver's seat; (B) is of the van
24 configuration designed for the transportation of not less than
25 7 nor more than 16 passengers; or (C) has a gross vehicle
26 weight rating of 8,000 pounds or less or (2) is a motor vehicle

1 of the first division, "selling price" or "amount of sale"
2 means the consideration received by the lessor pursuant to the
3 lease contract, including amounts due at lease signing and all
4 monthly or other regular payments charged over the term of the
5 lease. Also included in the selling price is any amount
6 received by the lessor from the lessee for the leased vehicle
7 that is not calculated at the time the lease is executed,
8 including, but not limited to, excess mileage charges and
9 charges for excess wear and tear. For sales that occur in
10 Illinois, with respect to any amount received by the lessor
11 from the lessee for the leased vehicle that is not calculated
12 at the time the lease is executed, the lessor who purchased the
13 motor vehicle does not incur the tax imposed by the Use Tax Act
14 on those amounts, and the retailer who makes the retail sale of
15 the motor vehicle to the lessor is not required to collect the
16 tax imposed by the Use Tax Act or to pay the tax imposed by
17 this Act on those amounts. However, the lessor who purchased
18 the motor vehicle assumes the liability for reporting and
19 paying the tax on those amounts directly to the Department in
20 the same form (Illinois Retailers' Occupation Tax, and local
21 retailers' occupation taxes, if applicable) in which the
22 retailer would have reported and paid such tax if the retailer
23 had accounted for the tax to the Department. For amounts
24 received by the lessor from the lessee that are not calculated
25 at the time the lease is executed, the lessor must file the
26 return and pay the tax to the Department by the due date

1 otherwise required by this Act for returns other than
2 transaction returns. If the retailer is entitled under this
3 Act to a discount for collecting and remitting the tax imposed
4 under this Act to the Department with respect to the sale of
5 the motor vehicle to the lessor, then the right to the discount
6 provided in this Act shall be transferred to the lessor with
7 respect to the tax paid by the lessor for any amount received
8 by the lessor from the lessee for the leased vehicle that is
9 not calculated at the time the lease is executed; provided
10 that the discount is only allowed if the return is timely filed
11 and for amounts timely paid. The "selling price" of a motor
12 vehicle that is sold on or after January 1, 2015 for the
13 purpose of leasing for a defined period of longer than one year
14 shall not be reduced by the value of or credit given for
15 traded-in tangible personal property owned by the lessor, nor
16 shall it be reduced by the value of or credit given for
17 traded-in tangible personal property owned by the lessee,
18 regardless of whether the trade-in value thereof is assigned
19 by the lessee to the lessor. In the case of a motor vehicle
20 that is sold for the purpose of leasing for a defined period of
21 longer than one year, the sale occurs at the time of the
22 delivery of the vehicle, regardless of the due date of any
23 lease payments. A lessor who incurs a Retailers' Occupation
24 Tax liability on the sale of a motor vehicle coming off lease
25 may not take a credit against that liability for the Use Tax
26 the lessor paid upon the purchase of the motor vehicle (or for

1 any tax the lessor paid with respect to any amount received by
2 the lessor from the lessee for the leased vehicle that was not
3 calculated at the time the lease was executed) if the selling
4 price of the motor vehicle at the time of purchase was
5 calculated using the definition of "selling price" as defined
6 in this paragraph. Notwithstanding any other provision of this
7 Act to the contrary, lessors shall file all returns and make
8 all payments required under this paragraph to the Department
9 by electronic means in the manner and form as required by the
10 Department. This paragraph does not apply to leases of motor
11 vehicles for which, at the time the lease is entered into, the
12 term of the lease is not a defined period, including leases
13 with a defined initial period with the option to continue the
14 lease on a month-to-month or other basis beyond the initial
15 defined period.

16 The phrase "like kind and character" shall be liberally
17 construed (including but not limited to any form of motor
18 vehicle for any form of motor vehicle, or any kind of farm or
19 agricultural implement for any other kind of farm or
20 agricultural implement), while not including a kind of item
21 which, if sold at retail by that retailer, would be exempt from
22 retailers' occupation tax and use tax as an isolated or
23 occasional sale.

24 "Gross receipts" from the sales of tangible personal
25 property at retail means the total selling price or the amount
26 of such sales, as hereinbefore defined. In the case of charge

1 and time sales, the amount thereof shall be included only as
2 and when payments are received by the seller. Receipts or
3 other consideration derived by a seller from the sale,
4 transfer or assignment of accounts receivable to a wholly
5 owned subsidiary will not be deemed payments prior to the time
6 the purchaser makes payment on such accounts.

7 "Department" means the Department of Revenue.

8 "Person" means any natural individual, firm, partnership,
9 association, joint stock company, joint adventure, public or
10 private corporation, limited liability company, or a receiver,
11 executor, trustee, guardian or other representative appointed
12 by order of any court.

13 The isolated or occasional sale of tangible personal
14 property at retail by a person who does not hold himself out as
15 being engaged (or who does not habitually engage) in selling
16 such tangible personal property at retail, or a sale through a
17 bulk vending machine, does not constitute engaging in a
18 business of selling such tangible personal property at retail
19 within the meaning of this Act; provided that any person who is
20 engaged in a business which is not subject to the tax imposed
21 by this Act because of involving the sale of or a contract to
22 sell real estate or a construction contract to improve real
23 estate or a construction contract to engineer, install, and
24 maintain an integrated system of products, but who, in the
25 course of conducting such business, transfers tangible
26 personal property to users or consumers in the finished form

1 in which it was purchased, and which does not become real
2 estate or was not engineered and installed, under any
3 provision of a construction contract or real estate sale or
4 real estate sales agreement entered into with some other
5 person arising out of or because of such nontaxable business,
6 is engaged in the business of selling tangible personal
7 property at retail to the extent of the value of the tangible
8 personal property so transferred. If, in such a transaction, a
9 separate charge is made for the tangible personal property so
10 transferred, the value of such property, for the purpose of
11 this Act, shall be the amount so separately charged, but not
12 less than the cost of such property to the transferor; if no
13 separate charge is made, the value of such property, for the
14 purposes of this Act, is the cost to the transferor of such
15 tangible personal property. Construction contracts for the
16 improvement of real estate consisting of engineering,
17 installation, and maintenance of voice, data, video, security,
18 and all telecommunication systems do not constitute engaging
19 in a business of selling tangible personal property at retail
20 within the meaning of this Act if they are sold at one
21 specified contract price.

22 A person who holds himself or herself out as being engaged
23 (or who habitually engages) in selling tangible personal
24 property at retail is a person engaged in the business of
25 selling tangible personal property at retail hereunder with
26 respect to such sales (and not primarily in a service

1 occupation) notwithstanding the fact that such person designs
2 and produces such tangible personal property on special order
3 for the purchaser and in such a way as to render the property
4 of value only to such purchaser, if such tangible personal
5 property so produced on special order serves substantially the
6 same function as stock or standard items of tangible personal
7 property that are sold at retail.

8 Persons who engage in the business of transferring
9 tangible personal property upon the redemption of trading
10 stamps are engaged in the business of selling such property at
11 retail and shall be liable for and shall pay the tax imposed by
12 this Act on the basis of the retail value of the property
13 transferred upon redemption of such stamps.

14 "Bulk vending machine" means a vending machine, containing
15 unsorted confections, nuts, toys, or other items designed
16 primarily to be used or played with by children which, when a
17 coin or coins of a denomination not larger than \$0.50 are
18 inserted, are dispensed in equal portions, at random and
19 without selection by the customer.

20 "Remote retailer" means a retailer that does not maintain
21 within this State, directly or by a subsidiary, an office,
22 distribution house, sales house, warehouse or other place of
23 business, or any agent or other representative operating
24 within this State under the authority of the retailer or its
25 subsidiary, irrespective of whether such place of business or
26 agent is located here permanently or temporarily or whether

1 such retailer or subsidiary is licensed to do business in this
2 State.

3 "Marketplace" means a physical or electronic place, forum,
4 platform, application, or other method by which a marketplace
5 seller sells or offers to sell items.

6 "Marketplace facilitator" means a person who, pursuant to
7 an agreement with an unrelated third-party marketplace seller,
8 directly or indirectly through one or more affiliates
9 facilitates a retail sale by an unrelated third party
10 marketplace seller by:

11 (1) listing or advertising for sale by the marketplace
12 seller in a marketplace, tangible personal property that
13 is subject to tax under this Act; and

14 (2) either directly or indirectly, through agreements
15 or arrangements with third parties, collecting payment
16 from the customer and transmitting that payment to the
17 marketplace seller regardless of whether the marketplace
18 facilitator receives compensation or other consideration
19 in exchange for its services.

20 A person who provides advertising services, including
21 listing products for sale, is not considered a marketplace
22 facilitator, so long as the advertising service platform or
23 forum does not engage, directly or indirectly through one or
24 more affiliated persons, in the activities described in
25 paragraph (2) of this definition of "marketplace facilitator".

26 "Marketplace facilitator" does not include any person

1 licensed under the Auction License Act. This exemption does
2 not apply to any person who is an Internet auction listing
3 service, as defined by the Auction License Act.

4 "Marketplace seller" means a person that makes sales
5 through a marketplace operated by an unrelated third party
6 marketplace facilitator.

7 As used in Section 2-10, "manufactured home" means a
8 factory-assembled, completely integrated structure designed
9 for permanent habitation that:

10 (1) is designed to be used as a single-family dwelling
11 which complies with the standards established under 42
12 U.S.C. 70;

13 (2) is transportable in one or more sections;

14 (3) is installed according to the manufacturer's
15 instructions and connected to residential utilities for
16 year-round occupancy; and

17 (4) contains an area of at least 320 square feet.

18 (Source: P.A. 101-31, eff. 6-28-19; 101-604, eff. 1-1-20;
19 102-353, eff. 1-1-22; 102-634, eff. 8-27-21; 102-813, eff.
20 5-13-22.)

21 (35 ILCS 120/2-10)

22 Sec. 2-10. 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 gross receipts from sales of tangible personal property made
25 in the course of business.

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

5 Beginning on August 6, 2010 through August 15, 2010, and
6 beginning again on August 5, 2022 through August 14, 2022,
7 with respect to sales tax holiday items as defined in Section
8 2-8 of this Act, the tax is imposed at the rate of 1.25%.

9 Within 14 days after July 1, 2000 (the effective date of
10 Public Act 91-872) ~~this amendatory Act of the 91st General~~
11 ~~Assembly~~, each retailer of motor fuel and gasohol shall cause
12 the following notice to be posted in a prominently visible
13 place on each retail dispensing device that is used to
14 dispense motor fuel or gasohol in the State of Illinois: "As of
15 July 1, 2000, the State of Illinois has eliminated the State's
16 share of sales tax on motor fuel and gasohol through December
17 31, 2000. The price on this pump should reflect the
18 elimination of the tax." The notice shall be printed in bold
19 print on a sign that is no smaller than 4 inches by 8 inches.
20 The sign shall be clearly visible to customers. Any retailer
21 who fails to post or maintain a required sign through December
22 31, 2000 is guilty of a petty offense for which the fine shall
23 be \$500 per day per each retail premises where a violation
24 occurs.

25 With respect to gasohol, as defined in the Use Tax Act, the
26 tax imposed by this Act applies to (i) 70% of the proceeds of

1 sales made on or after January 1, 1990, and before July 1,
2 2003, (ii) 80% of the proceeds of sales made on or after July
3 1, 2003 and on or before July 1, 2017, and (iii) 100% of the
4 proceeds of sales made thereafter. If, at any time, however,
5 the tax under this Act on sales of gasohol, as defined in the
6 Use Tax Act, is imposed at the rate of 1.25%, then the tax
7 imposed by this Act applies to 100% of the proceeds of sales of
8 gasohol made 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 proceeds of sales made on or after July 1, 2003 and on
12 or before December 31, 2023 but applies to 100% of the proceeds
13 of sales made thereafter.

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

1 the proceeds of sales of biodiesel blends with no less than 1%
2 and no more than 10% biodiesel made during that time.

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

11 On and after January 1, 2024, with respect to the sale of a
12 manufactured home, as defined in Section 1, if the purchase is
13 the first purchase of the manufactured home for use as a
14 dwelling and the purchaser who will use the home as a dwelling
15 certifies that the manufactured home will be affixed to a
16 permanent foundation in the State so that the manufactured
17 home is deemed to be real property under the Conveyance and
18 Encumbrance of Manufactured Homes as Real Property and
19 Severance Act, then the tax imposed by this Act applies to 50%
20 of the gross receipts from the sale of the manufactured home.
21 The seller, whether acting as a construction contractor or
22 not, must retain the purchaser's certification in his or her
23 books and records for a period of 7 years after the date of the
24 sale. This paragraph is exempt from the provisions of Section
25 2-70.

26 Until July 1, 2022 and beginning again on July 1, 2023,

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

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 ~~do~~ not include beverages that contain milk or
11 milk products, soy, rice or similar milk substitutes, or
12 greater 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 ~~C.F.R.~~ ~~§~~ 201.66. The
20 "over-the-counter-drug" label includes:

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

22 (B) a ~~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) ~~this amendatory Act of the 98th General Assembly,~~

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

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

10 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
11 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-20, eff.
12 4-19-22; 102-700, Article 60, Section 60-30, eff. 4-19-22;
13 102-700, Article 65, Section 65-10, eff. 4-19-22; revised
14 6-1-22.)

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