

1 AN ACT concerning taxes.

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
5 Section 3-10 as follows:

6 (35 ILCS 105/3-10) (from Ch. 120, par. 439.3-10)

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

29 Beginning on July 1, 2000 and through December 31, 2000,
30 with respect to motor fuel, as defined in Section 1.1 of the
31 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40

1 of the Use Tax Act, and gasohol, as defined in Section 3-40
2 of the Use Tax Act, the tax is imposed at the rate of 1.25%.

3 With respect to gasohol, and to the extent otherwise
4 limited by this Section, the tax imposed by this Act applies
5 to 70% of the proceeds of sales made on or after January 1,
6 1990, and before July 1, 2003, and to 100% of the proceeds of
7 sales made thereafter.

8 Beginning on July 1, 2001, with respect to the selling
9 price of motor fuel, as defined in Section 1.1 of the Motor
10 Fuel Tax Law, the tax imposed by this Act is at the rate of
11 6.25% of the following: the selling price less the amounts
12 included in the selling price representing any tax imposed
13 under Sections 2 and 2a of the Motor Fuel Tax Law, any fee
14 imposed under Section 310 of the Environmental Impact Fee
15 Law, and any tax imposed under Section 4081(a) of the
16 Internal Revenue Code. Beginning on July 1, 2001, with
17 respect to the selling price of gasohol, as defined in
18 Section 3-40 of the Use Tax Act, the tax imposed by this Act
19 is at the rate of 6.25% of (i) 70% of the following with
20 respect to sales made on or after the effective date of this
21 amendatory Act of the 92nd General Assembly and before July
22 1, 2003: the selling price less the amounts included in the
23 selling price representing any tax imposed under Sections 2
24 and 2a of the Motor Fuel Tax Law, any fee imposed under
25 Section 310 of the Environmental Impact Fee Law, and any tax
26 imposed under Section 4081(a) of the Internal Revenue Code;
27 and (ii) with respect to sales made on or after July 1, 2003,
28 100% of the following: the selling price less the amounts
29 included in the selling price representing any tax imposed
30 under Sections 2 and 2a of the Motor Fuel Tax Law, any fee
31 imposed under Section 310 of the Environmental Impact Fee
32 Law, and any tax imposed under Section 4081(a) of the
33 Internal Revenue Code. The changes made by this amendatory
34 Act of the 92nd General Assembly are exempt from the

1 provisions of Section 3-90.

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

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

28 If the property that is purchased at retail from a
29 retailer is acquired outside Illinois and used outside
30 Illinois before being brought to Illinois for use here and is
31 taxable under this Act, the "selling price" on which the tax
32 is computed shall be reduced by an amount that represents a
33 reasonable allowance for depreciation for the period of prior
34 out-of-state use.

1 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;
2 91-51, eff. 6-30-99; 91-872, eff. 7-1-00.)

3 Section 5. The Service Use Tax Act is amended by
4 changing Section 3-10 as follows:

5 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

6 Sec. 3-10. Rate of tax. Unless otherwise provided in
7 this Section, the tax imposed by this Act is at the rate of
8 6.25% of the selling price of tangible personal property
9 transferred as an incident to the sale of service, but, for
10 the purpose of computing this tax, in no event shall the
11 selling price be less than the cost price of the property to
12 the serviceman.

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

17 With respect to gasohol, as defined in the Use Tax Act,
18 and to the extent otherwise limited by this Section, the tax
19 imposed by this Act applies to 70% of the selling price of
20 property transferred as an incident to the sale of service on
21 or after January 1, 1990, and before July 1, 2003, and to
22 100% of the selling price thereafter.

23 Beginning on July 1, 2001, with respect to the selling
24 price of motor fuel, as defined in Section 1.1 of the Motor
25 Fuel Tax Law, the tax imposed by this Act is at the rate of
26 6.25% of the following: the selling price less the amounts
27 included in the selling price representing any tax imposed
28 under Sections 2 and 2a of the Motor Fuel Tax Law, any fee
29 imposed under Section 310 of the Environmental Impact Fee
30 Law, and any tax imposed under Section 4081(a) of the
31 Internal Revenue Code. Beginning on July 1, 2001, with
32 respect to the selling price of gasohol, as defined in

1 Section 3-40 of the Use Tax Act, the tax imposed by this Act
2 is at the rate of 6.25% of (i) 70% of the following with
3 respect to sales made on or after the effective date of this
4 amendatory Act of the 92nd General Assembly and before July
5 1, 2003: the selling price less the amounts included in the
6 selling price representing any tax imposed under Sections 2
7 and 2a of the Motor Fuel Tax Law, any fee imposed under
8 Section 310 of the Environmental Impact Fee Law, and any tax
9 imposed under Section 4081(a) of the Internal Revenue Code;
10 and (ii) with respect to sales made on or after July 1, 2003,
11 100% of the following: the selling price less the amounts
12 included in the selling price representing any tax imposed
13 under Sections 2 and 2a of the Motor Fuel Tax Law, any fee
14 imposed under Section 310 of the Environmental Impact Fee
15 Law, and any tax imposed under Section 4081(a) of the
16 Internal Revenue Code. The changes made by this amendatory
17 Act of the 92nd General Assembly are exempt from the
18 provisions of Section 3-75.

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

29 The tax shall be imposed at the rate of 1% on food
30 prepared for immediate consumption and transferred incident
31 to a sale of service subject to this Act or the Service
32 Occupation Tax Act by an entity licensed under the Hospital
33 Licensing Act, the Nursing Home Care Act, or the Child Care
34 Act of 1969. The tax shall also be imposed at the rate of 1%

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

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

27 If the property that is acquired from a serviceman is
28 acquired outside Illinois and used outside Illinois before
29 being brought to Illinois for use here and is taxable under
30 this Act, the "selling price" on which the tax is computed
31 shall be reduced by an amount that represents a reasonable
32 allowance for depreciation for the period of prior
33 out-of-state use.

34 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;

1 91-51, eff. 6-30-99; 91-541, eff. 8-13-99; 91-872, eff.
2 7-1-00.)

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

5 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

6 Sec. 3-10. Rate of tax. Unless otherwise provided in
7 this Section, the tax imposed by this Act is at the rate of
8 6.25% of the "selling price", as defined in Section 2 of the
9 Service Use Tax Act, of the tangible personal property. For
10 the purpose of computing this tax, in no event shall the
11 "selling price" be less than the cost price to the serviceman
12 of the tangible personal property transferred. The selling
13 price of each item of tangible personal property transferred
14 as an incident of a sale of service may be shown as a
15 distinct and separate item on the serviceman's billing to the
16 service customer. If the selling price is not so shown, the
17 selling price of the tangible personal property is deemed to
18 be 50% of the serviceman's entire billing to the service
19 customer. When, however, a serviceman contracts to design,
20 develop, and produce special order machinery or equipment,
21 the tax imposed by this Act shall be based on the
22 serviceman's cost price of the tangible personal property
23 transferred incident to the completion of the contract.

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

28 With respect to gasohol, as defined in the Use Tax Act,
29 and to the extent otherwise limited by this Section, the tax
30 imposed by this Act shall apply to 70% of the cost price of
31 property transferred as an incident to the sale of service on
32 or after January 1, 1990, and before July 1, 2003, and to

1 100% of the cost price thereafter.

2 Beginning on July 1, 2001, with respect to the selling
3 price of motor fuel, as defined in Section 1.1 of the Motor
4 Fuel Tax Law, the tax imposed by this Act is at the rate of
5 6.25% of the following: the selling price less the amounts
6 included in the selling price representing any tax imposed
7 under Sections 2 and 2a of the Motor Fuel Tax Law, any fee
8 imposed under Section 310 of the Environmental Impact Fee
9 Law, and any tax imposed under Section 4081(a) of the
10 Internal Revenue Code. Beginning on July 1, 2001, with
11 respect to the selling price of gasohol, as defined in
12 Section 3-40 of the Use Tax Act, the tax imposed by this Act
13 is at the rate of 6.25% of (i) 70% of the following with
14 respect to sales made on or after the effective date of this
15 amendatory Act of the 92nd General Assembly and before July
16 1, 2003: the selling price less the amounts included in the
17 selling price representing any tax imposed under Sections 2
18 and 2a of the Motor Fuel Tax Law, any fee imposed under
19 Section 310 of the Environmental Impact Fee Law, and any tax
20 imposed under Section 4081(a) of the Internal Revenue Code;
21 and (ii) with respect to sales made on or after July 1, 2003,
22 100% of the following: the selling price less the amounts
23 included in the selling price representing any tax imposed
24 under Sections 2 and 2a of the Motor Fuel Tax Law, any fee
25 imposed under Section 310 of the Environmental Impact Fee
26 Law, and any tax imposed under Section 4081(a) of the
27 Internal Revenue Code. The changes made by this amendatory
28 Act of the 92nd General Assembly are exempt from the
29 provisions of Section 3-55.

30 At the election of any registered serviceman made for
31 each fiscal year, sales of service in which the aggregate
32 annual cost price of tangible personal property transferred
33 as an incident to the sales of service is less than 35%, or
34 75% in the case of servicemen transferring prescription drugs

1 or servicemen engaged in graphic arts production, of the
2 aggregate annual total gross receipts from all sales of
3 service, the tax imposed by this Act shall be based on the
4 serviceman's cost price of the tangible personal property
5 transferred incident to the sale of those services.

6 The tax shall be imposed at the rate of 1% on food
7 prepared for immediate consumption and transferred incident
8 to a sale of service subject to this Act or the Service
9 Occupation Tax Act by an entity licensed under the Hospital
10 Licensing Act, the Nursing Home Care Act, or the Child Care
11 Act of 1969. The tax shall also be imposed at the rate of 1%
12 on food for human consumption that is to be consumed off the
13 premises where it is sold (other than alcoholic beverages,
14 soft drinks, and food that has been prepared for immediate
15 consumption and is not otherwise included in this paragraph)
16 and prescription and nonprescription medicines, drugs,
17 medical appliances, modifications to a motor vehicle for the
18 purpose of rendering it usable by a disabled person, and
19 insulin, urine testing materials, syringes, and needles used
20 by diabetics, for human use. For the purposes of this
21 Section, the term "soft drinks" means any complete, finished,
22 ready-to-use, non-alcoholic drink, whether carbonated or not,
23 including but not limited to soda water, cola, fruit juice,
24 vegetable juice, carbonated water, and all other preparations
25 commonly known as soft drinks of whatever kind or description
26 that are contained in any closed or sealed can, carton, or
27 container, regardless of size. "Soft drinks" does not
28 include coffee, tea, non-carbonated water, infant formula,
29 milk or milk products as defined in the Grade A Pasteurized
30 Milk and Milk Products Act, or drinks containing 50% or more
31 natural fruit or vegetable juice.

32 Notwithstanding any other provisions of this Act, "food
33 for human consumption that is to be consumed off the premises
34 where it is sold" includes all food sold through a vending

1 machine, except soft drinks and food products that are
2 dispensed hot from a vending machine, regardless of the
3 location of the vending machine.

4 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;
5 91-51, 6-30-99; 91-541, eff. 8-13-99; 91-872, eff. 7-1-00.)

6 Section 20. The Retailers' Occupation Tax Act is amended
7 by changing Section 2-10 as follows:

8 (35 ILCS 120/2-10) (from Ch. 120, par. 441-10)

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

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

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

32 With respect to gasohol, as defined in the Use Tax Act,

1 and to the extent otherwise limited by this Section, the tax
2 imposed by this Act applies to 70% of the proceeds of sales
3 made on or after January 1, 1990, and before July 1, 2003,
4 and to 100% of the proceeds of sales made thereafter.

5 Beginning on July 1, 2001, with respect to the selling
6 price of motor fuel, as defined in Section 1.1 of the Motor
7 Fuel Tax Law, the tax imposed by this Act is at the rate of
8 6.25% of the following: the selling price less the amounts
9 included in the selling price representing any tax imposed
10 under Sections 2 and 2a of the Motor Fuel Tax Law, any fee
11 imposed under Section 310 of the Environmental Impact Fee
12 Law, and any tax imposed under Section 4081(a) of the
13 Internal Revenue Code. Beginning on July 1, 2001, with
14 respect to the selling price of gasohol, as defined in
15 Section 3-40 of the Use Tax Act, the tax imposed by this Act
16 is at the rate of 6.25% of (i) 70% of the following with
17 respect to sales made on or after the effective date of this
18 amendatory Act of the 92nd General Assembly and before July
19 1, 2003: the selling price less the amounts included in the
20 selling price representing any tax imposed under Sections 2
21 and 2a of the Motor Fuel Tax Law, any fee imposed under
22 Section 310 of the Environmental Impact Fee Law, and any tax
23 imposed under Section 4081(a) of the Internal Revenue Code;
24 and (ii) with respect to sales made on or after July 1, 2003,
25 100% of the following: the selling price less the amounts
26 included in the selling price representing any tax imposed
27 under Sections 2 and 2a of the Motor Fuel Tax Law, any fee
28 imposed under Section 310 of the Environmental Impact Fee
29 Law, and any tax imposed under Section 4081(a) of the
30 Internal Revenue Code. The changes made by this amendatory
31 Act of the 92nd General Assembly are exempt from the
32 provisions of Section 2-70.

33 With respect to food for human consumption that is to be
34 consumed off the premises where it is sold (other than

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

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

25 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;
26 91-51, eff. 6-30-99; 91-872, eff. 7-1-00.)

27 Section 99. Effective date. This Act takes effect on
28 July 1, 2001.