



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

SB1817

Introduced 2/15/2019, by Sen. Scott M. Bennett

#### SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-10	
35 ILCS 105/3-40	from Ch. 120, par. 439.3-40
35 ILCS 105/3-44	
35 ILCS 105/3-44.3 new	
35 ILCS 110/3-10	from Ch. 120, par. 439.33-10
35 ILCS 115/3-10	from Ch. 120, par. 439.103-10
35 ILCS 120/2-10	

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the tax imposed on mid-range ethanol blends applies to (i) 80% of the proceeds of sales made on or after July 1, 2019 and on or before December 31, 2023 and (ii) 100% of the proceeds of sales made thereafter. Provides that the term "mid-range ethanol blend" means a blend of gasoline and denatured ethanol that contains not less than 20% but less than 51% denatured ethanol. Makes changes to the definitions of "gasohol" and "majority blended ethanol fuel" to adjust the required percentage of ethanol. Effective immediately.

LRB101 11006 HLH 56200 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 10. The Use Tax Act is amended by changing Sections  
5 3-10, 3-40, and 3-44 and by adding Section 3-44.3 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 functionally  
14 used or consumed is a by-product or waste product that has been  
15 refined, manufactured, or produced from property purchased at  
16 retail, then the tax is imposed on the lower of the fair market  
17 value, if any, of the specific property so used in this State  
18 or on the selling price of the property purchased at retail.  
19 For purposes of this Section "fair market value" means the  
20 price at which property would change hands between a willing  
21 buyer and a willing seller, neither being under any compulsion  
22 to buy or sell and both having reasonable knowledge of the  
23 relevant facts. The fair market value shall be established by

1 Illinois sales by the taxpayer of the same property as that  
2 functionally used or consumed, or if there are no such sales by  
3 the taxpayer, then comparable sales or purchases of property of  
4 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, with  
10 respect to sales tax holiday items as defined in Section 3-6 of  
11 this Act, the tax is imposed at the rate of 1.25%.

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

21 With respect to mid-range ethanol blends, the tax imposed  
22 by this Act applies to (i) 80% of the proceeds of sales made on  
23 or after July 1, 2019 and on or before December 31, 2023 and  
24 (ii) 100% of the proceeds of sales made thereafter. If, at any  
25 time, however, the tax under this Act on sales of mid-range  
26 ethanol blends is imposed at the rate of 1.25%, then the tax

1 imposed by this Act applies to 100% of the proceeds of sales of  
2 mid-range ethanol blends made during that time.

3 With respect to majority blended ethanol fuel, the tax  
4 imposed by this Act does not apply to the proceeds of sales  
5 made on or after July 1, 2003 and on or before December 31,  
6 2023 but applies to 100% of the proceeds of sales made  
7 thereafter.

8 With respect to biodiesel blends with no less than 1% and  
9 no more than 10% biodiesel, the tax imposed by this Act applies  
10 to (i) 80% of the proceeds of sales made on or after July 1,  
11 2003 and on or before December 31, 2018 and (ii) 100% of the  
12 proceeds of sales made thereafter. If, at any time, however,  
13 the tax under this Act on sales of biodiesel blends with no  
14 less than 1% and no more than 10% biodiesel is imposed at the  
15 rate of 1.25%, then the tax imposed by this Act applies to 100%  
16 of the proceeds of sales of biodiesel blends with no less than  
17 1% and no more than 10% biodiesel made during that time.

18 With respect to 100% biodiesel and biodiesel blends with  
19 more than 10% but no more than 99% biodiesel, the tax imposed  
20 by this Act does not apply to the proceeds of sales made on or  
21 after July 1, 2003 and on or before December 31, 2023 but  
22 applies to 100% of the proceeds of sales made thereafter.

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, soft drinks, and food that has been  
26 prepared for immediate consumption) and prescription and

1 nonprescription medicines, drugs, medical appliances, products  
2 classified as Class III medical devices by the United States  
3 Food and Drug Administration that are used for cancer treatment  
4 pursuant to a prescription, as well as any accessories and  
5 components related to those devices, modifications to a motor  
6 vehicle for the purpose of rendering it usable by a person with  
7 a disability, and insulin, urine testing materials, syringes,  
8 and needles used by diabetics, for human use, 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" do not include beverages that contain milk or milk  
25 products, soy, rice or similar milk substitutes, or greater  
26 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 other  
19 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 C.F.R. § 201.66. The "over-the-counter-drug"  
8 label includes:

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

10 (B) 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 the effective date of this amendatory Act of  
14 the 98th General Assembly, "prescription and nonprescription  
15 medicines and drugs" includes medical cannabis purchased from a  
16 registered dispensing organization under the Compassionate Use  
17 of Medical Cannabis Pilot Program Act.

18 If the property that is purchased at retail from a retailer  
19 is acquired outside Illinois and used outside Illinois before  
20 being brought to Illinois for use here and is taxable under  
21 this Act, the "selling price" on which the tax is computed  
22 shall be reduced by an amount that represents a reasonable  
23 allowance for depreciation for the period of prior out-of-state  
24 use.

25 (Source: P.A. 99-143, eff. 7-27-15; 99-858, eff. 8-19-16;  
26 100-22, eff. 7-6-17.)

1 (35 ILCS 105/3-40) (from Ch. 120, par. 439.3-40)

2 Sec. 3-40. Gasohol. As used in this Act, "gasohol" means  
3 motor fuel that is a denatured ethanol and gasoline blend ~~of~~  
4 ~~denatured ethanol and gasoline~~ that contains (i) no more than  
5 1.25% water by weight and (ii) the maximum proportion of  
6 ethanol authorized by the United States Environmental  
7 Protection Agency under Section 211 of the Clean Air Act. ~~The~~  
8 ~~blend must contain 90% gasoline and 10% denatured ethanol.~~ A  
9 maximum of one percent error factor in the amount of denatured  
10 ethanol used in the blend is allowable to compensate for  
11 blending equipment variations. Any person who knowingly sells  
12 or represents as gasohol any fuel that does not qualify as  
13 gasohol under this Act is guilty of a business offense and  
14 shall be fined not more than \$100 for each day that the sale or  
15 representation takes place after notification from the  
16 Department of Agriculture that the fuel in question does not  
17 qualify as gasohol.

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

19 (35 ILCS 105/3-44)

20 Sec. 3-44. Majority blended ethanol fuel. "Majority  
21 blended ethanol fuel" means motor fuel that (i) contains not  
22 less than 51% and no more than 83% by volume ethanol, as  
23 specified in ASTM Standard DS798-11 and (ii) is capable of  
24 being used in the operation of flexible fuel vehicles. ~~70% and~~



1 ~~no more than 90% denatured ethanol and no less than 10% and no~~  
2 ~~more than 30% gasoline.~~

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

4 (35 ILCS 105/3-44.3 new)

5 Sec. 3-44.3. Mid-range ethanol blend. "Mid-range ethanol  
6 blend" means a blend of gasoline and denatured ethanol that  
7 contains not less than 20% but less than 51% denatured ethanol.

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

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

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

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 With respect to gasohol, as defined in the Use Tax Act, the  
22 tax imposed by this Act applies to (i) 70% of the selling price  
23 of property transferred as an incident to the sale of service

1 on or after January 1, 1990, and before July 1, 2003, (ii) 80%  
2 of the selling price of property transferred as an incident to  
3 the sale of service on or after July 1, 2003 and on or before  
4 July 1, 2017, and (iii) 100% of the selling price thereafter.  
5 If, at any time, however, the tax under this Act on sales of  
6 gasohol, as defined in the Use Tax Act, is imposed at the rate  
7 of 1.25%, then the tax imposed by this Act applies to 100% of  
8 the proceeds of sales of gasohol made during that time.

9 With respect to mid-range ethanol blends, as defined in the  
10 Use Tax Act, the tax imposed by this Act applies to (i) 80% of  
11 the selling price of property transferred as an incident to the  
12 sale of service on or after July 1, 2019 and on or before  
13 December 31, 2023 and (ii) 100% of the selling price  
14 thereafter. If, at any time, however, the tax under this Act on  
15 sales of mid-range ethanol blends is imposed at the rate of  
16 1.25%, then the tax imposed by this Act applies to 100% of the  
17 proceeds of sales of mid-range ethanol blends made during that  
18 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 Tax  
26 Act, with no less than 1% and no more than 10% biodiesel, the

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

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

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 aggregate  
24 annual total gross receipts from all sales of service, the tax  
25 imposed by this Act shall be based on the serviceman's cost  
26 price of the tangible personal property transferred as an

1 incident to the sale of those services.

2 The tax shall be imposed at the rate of 1% on food prepared  
3 for immediate consumption and transferred incident to a sale of  
4 service subject to this Act or the Service Occupation Tax Act  
5 by an entity licensed under the Hospital Licensing Act, the  
6 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD  
7 Act, the Specialized Mental Health Rehabilitation Act of 2013,  
8 or the Child Care Act of 1969. The tax shall also be imposed at  
9 the rate of 1% on food for human consumption that is to be  
10 consumed off the premises where it is sold (other than  
11 alcoholic beverages, soft drinks, and food that has been  
12 prepared for immediate consumption and is not otherwise  
13 included in this paragraph) and prescription and  
14 nonprescription medicines, drugs, medical appliances, products  
15 classified as Class III medical devices by the United States  
16 Food and Drug Administration that are used for cancer treatment  
17 pursuant to a prescription, as well as any accessories and  
18 components related to those devices, modifications to a motor  
19 vehicle for the purpose of rendering it usable by a person with  
20 a disability, and insulin, urine testing materials, syringes,  
21 and needles used by diabetics, for human use. For the purposes  
22 of this Section, until September 1, 2009: the term "soft  
23 drinks" means any complete, finished, ready-to-use,  
24 non-alcoholic drink, whether carbonated or not, including but  
25 not limited to soda water, cola, fruit juice, vegetable juice,  
26 carbonated water, and all other preparations commonly known as

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

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

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

26 Notwithstanding any other provisions of this Act,

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

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

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

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

26 Beginning on January 1, 2014 (the effective date of Public

1 Act 98-122), "prescription and nonprescription medicines and  
2 drugs" includes medical cannabis purchased from a registered  
3 dispensing organization under the Compassionate Use of Medical  
4 Cannabis Pilot Program Act.

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

12 (Source: P.A. 99-143, eff. 7-27-15; 99-180, eff. 7-29-15;  
13 99-642, eff. 7-28-16; 99-858, eff. 8-19-16; 100-22, eff.  
14 7-6-17.)

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

17 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

18 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
19 Section, the tax imposed by this Act is at the rate of 6.25% of  
20 the "selling price", as defined in Section 2 of the Service Use  
21 Tax Act, of the tangible personal property. For the purpose of  
22 computing this tax, in no event shall the "selling price" be  
23 less than the cost price to the serviceman of the tangible  
24 personal property transferred. The selling price of each item

1 of tangible personal property transferred as an incident of a  
2 sale of service may be shown as a distinct and separate item on  
3 the serviceman's billing to the service customer. If the  
4 selling price is not so shown, the selling price of the  
5 tangible personal property is deemed to be 50% of the  
6 serviceman's entire billing to the service customer. When,  
7 however, a serviceman contracts to design, develop, and produce  
8 special order machinery or equipment, the tax imposed by this  
9 Act shall be based on the serviceman's cost price of the  
10 tangible personal property transferred incident to the  
11 completion of the contract.

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

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



1        With respect to mid-range ethanol blends, as defined in the  
2 Use Tax Act, the tax imposed by this Act applies to (i) 80% of  
3 the selling price of property transferred as an incident to the  
4 sale of service on or after July 1, 2019 and on or before  
5 December 31, 2023 and (ii) 100% of the selling price  
6 thereafter. If, at any time, however, the tax under this Act on  
7 sales of mid-range ethanol blends is imposed at the rate of  
8 1.25%, then the tax imposed by this Act applies to 100% of the  
9 proceeds of sales of mid-range ethanol blends made during that  
10 time.

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

17        With respect to biodiesel blends, as defined in the Use Tax  
18 Act, with no less than 1% and no more than 10% biodiesel, the  
19 tax imposed by this Act applies to (i) 80% of the selling price  
20 of property transferred as an incident to the sale of service  
21 on or after July 1, 2003 and on or before December 31, 2018 and  
22 (ii) 100% of the proceeds of the selling price thereafter. 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 100% biodiesel, as defined in the Use Tax  
4 Act, and biodiesel blends, as defined in the Use Tax Act, with  
5 more than 10% but no more than 99% biodiesel material, the tax  
6 imposed by this Act does not apply to the proceeds of the  
7 selling price of property transferred as an incident to the  
8 sale of service on or after July 1, 2003 and on or before  
9 December 31, 2023 but applies to 100% of the selling price  
10 thereafter.

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

21 The tax shall be imposed at the rate of 1% on food prepared  
22 for immediate consumption and transferred incident to a sale of  
23 service subject to this Act or the Service Occupation Tax Act  
24 by an entity licensed under the Hospital Licensing Act, the  
25 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD  
26 Act, the Specialized Mental Health Rehabilitation Act of 2013,

1 or the Child Care Act of 1969. The tax shall also be imposed at  
2 the rate of 1% on 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 is not otherwise  
6 included in this paragraph) and prescription and  
7 nonprescription medicines, drugs, medical appliances, products  
8 classified as Class III medical devices by the United States  
9 Food and Drug Administration that are used for cancer treatment  
10 pursuant to a prescription, as well as any accessories and  
11 components related to those devices, modifications to a motor  
12 vehicle for the purpose of rendering it usable by a person with  
13 a disability, and insulin, urine testing materials, syringes,  
14 and needles used by diabetics, for human use. For the purposes  
15 of this Section, until September 1, 2009: the term "soft  
16 drinks" means any complete, finished, ready-to-use,  
17 non-alcoholic drink, whether carbonated or not, including but  
18 not limited to soda water, cola, fruit juice, vegetable juice,  
19 carbonated water, and all other preparations commonly known as  
20 soft drinks of whatever kind or description that are contained  
21 in any closed or sealed can, carton, or container, regardless  
22 of size; but "soft drinks" does not include coffee, tea,  
23 non-carbonated water, infant formula, milk or milk products as  
24 defined in the Grade A Pasteurized Milk and Milk Products Act,  
25 or drinks containing 50% or more natural fruit or vegetable  
26 juice.

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

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

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

1 flour or requires refrigeration.

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

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

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

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

24 (Source: P.A. 99-143, eff. 7-27-15; 99-180, eff. 7-29-15;  
25 99-642, eff. 7-28-16; 99-858, eff. 8-19-16; 100-22, eff.  
26 7-6-17.)

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

3 (35 ILCS 120/2-10)

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

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

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

15 Within 14 days after the effective date of this amendatory  
16 Act of the 91st General Assembly, each retailer of motor fuel  
17 and gasohol shall cause the following notice to be posted in a  
18 prominently visible place on each retail dispensing device that  
19 is used to dispense motor fuel or gasohol in the State of  
20 Illinois: "As of July 1, 2000, the State of Illinois has  
21 eliminated the State's share of sales tax on motor fuel and  
22 gasohol through December 31, 2000. The price on this pump  
23 should reflect the elimination of the tax." The notice shall be  
24 printed in bold print on a sign that is no smaller than 4

1 inches by 8 inches. The sign shall be clearly visible to  
2 customers. Any retailer who fails to post or maintain a  
3 required sign through December 31, 2000 is guilty of a petty  
4 offense for which the fine shall be \$500 per day per each  
5 retail premises where a violation occurs.

6 With respect to gasohol, as defined in the Use Tax Act, the  
7 tax imposed by this Act applies to (i) 70% of the proceeds of  
8 sales made on or after January 1, 1990, and before July 1,  
9 2003, (ii) 80% of the proceeds of sales made on or after July  
10 1, 2003 and on or before July 1, 2017, and (iii) 100% of the  
11 proceeds of sales made thereafter. If, at any time, however,  
12 the tax under this Act on sales of gasohol, as defined in the  
13 Use Tax Act, is imposed at the rate of 1.25%, then the tax  
14 imposed by this Act applies to 100% of the proceeds of sales of  
15 gasohol made during that time.

16 With respect to mid-range ethanol blends, as defined in the  
17 Use Tax Act, the tax imposed by this Act applies to (i) 80% of  
18 the proceeds of sales made on or after July 1, 2019 and on or  
19 before December 31, 2023 and (ii) 100% of the proceeds of sales  
20 made thereafter. If, at any time, however, the tax under this  
21 Act on sales of mid-range ethanol blends is imposed at the rate  
22 of 1.25%, then the tax imposed by this Act applies to 100% of  
23 the proceeds of sales of mid-range ethanol blends made during  
24 that time.

25 With respect to majority blended ethanol fuel, as defined  
26 in the Use Tax Act, the tax imposed by this Act does not apply

1 to the proceeds of sales made on or after July 1, 2003 and on or  
2 before December 31, 2023 but applies to 100% of the proceeds of  
3 sales made thereafter.

4 With respect to biodiesel blends, as defined in the Use Tax  
5 Act, with no less than 1% and no more than 10% biodiesel, the  
6 tax imposed by this Act applies to (i) 80% of the proceeds of  
7 sales made on or after July 1, 2003 and on or before December  
8 31, 2018 and (ii) 100% of the proceeds of sales made  
9 thereafter. If, at any time, however, the tax under this Act on  
10 sales of biodiesel blends, as defined in the Use Tax Act, with  
11 no less than 1% and no more than 10% biodiesel is imposed at  
12 the rate of 1.25%, then the tax imposed by this Act applies to  
13 100% of the proceeds of sales of biodiesel blends with no less  
14 than 1% and no more than 10% biodiesel made during that time.

15 With respect to 100% biodiesel, as defined in the Use Tax  
16 Act, and biodiesel blends, as defined in the Use Tax Act, with  
17 more than 10% but no more than 99% biodiesel, the tax imposed  
18 by this Act does not apply to the proceeds of sales made on or  
19 after July 1, 2003 and on or before December 31, 2023 but  
20 applies to 100% of the proceeds of sales made thereafter.

21 With respect to food for human consumption that is to be  
22 consumed off the premises where it is sold (other than  
23 alcoholic beverages, soft drinks, and food that has been  
24 prepared for immediate consumption) and prescription and  
25 nonprescription medicines, drugs, medical appliances, products  
26 classified as Class III medical devices by the United States



1 Food and Drug Administration that are used for cancer treatment  
2 pursuant to a prescription, as well as any accessories and  
3 components related to those devices, modifications to a motor  
4 vehicle for the purpose of rendering it usable by a person with  
5 a disability, and insulin, urine testing materials, syringes,  
6 and needles used by diabetics, for human use, the tax is  
7 imposed at the rate of 1%. For the purposes of this Section,  
8 until September 1, 2009: the term "soft drinks" means any  
9 complete, 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 sealed  
14 bottle, can, carton, or container, regardless of size; but  
15 "soft drinks" does not include coffee, tea, non-carbonated  
16 water, infant formula, milk or milk products as defined in the  
17 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,  
20 beginning September 1, 2009, "soft drinks" means non-alcoholic  
21 beverages that contain natural or artificial sweeteners. "Soft  
22 drinks" do not include beverages that contain milk or milk  
23 products, soy, rice or similar milk substitutes, or greater  
24 than 50% of vegetable or fruit juice by volume.

25 Until August 1, 2009, and notwithstanding any other  
26 provisions of this Act, "food for human consumption that is to

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

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

20 Notwithstanding any other provisions of this Act,  
21 beginning September 1, 2009, "nonprescription medicines and  
22 drugs" does not include grooming and hygiene products. For  
23 purposes of this Section, "grooming and hygiene products"  
24 includes, but is not limited to, soaps and cleaning solutions,  
25 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
26 lotions and screens, unless those products are available by

1 prescription only, regardless of whether the products meet the  
2 definition of "over-the-counter-drugs". For the purposes of  
3 this paragraph, "over-the-counter-drug" means a drug for human  
4 use that contains a label that identifies the product as a drug  
5 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"  
6 label includes:

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

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

11 Beginning on the effective date of this amendatory Act of  
12 the 98th General Assembly, "prescription and nonprescription  
13 medicines and drugs" includes medical cannabis purchased from a  
14 registered dispensing organization under the Compassionate Use  
15 of Medical Cannabis Pilot Program Act.

16 (Source: P.A. 99-143, eff. 7-27-15; 99-858, eff. 8-19-16;  
17 100-22, eff. 7-6-17.)

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law.