



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

HB2372

by Rep. Jerry Costello, II

#### SYNOPSIS AS INTRODUCED:

20 ILCS 689/15	
20 ILCS 689/20	
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, on or after July 1, 2017 and on or before December 31, 2018, the taxes imposed under the Acts apply to 90% of the proceeds of sales of gasohol and 80% of the proceeds of sales of mid-range ethanol blends. Amends the Illinois Renewable Fuels Development Program Act. Provides that grants may be awarded for the following programs: a next generation renewable fuels program, a majority blended ethanol and blender pump infrastructure program, and a research and development program for sustainable corn production and corn-based renewable fuel production. Sets forth the maximum aggregate amount of grants that may be awarded under each program. Effective immediately.

LRB100 07795 HLH 17861 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 5. The Illinois Renewable Fuels Development  
5 Program Act is amended by changing Sections 15 and 20 as  
6 follows:

7 (20 ILCS 689/15)

8 Sec. 15. Illinois Renewable Fuels Development Program.

9 (a) The Department must develop and administer the Illinois  
10 Renewable Fuels Development Program to assist in the  
11 construction, modification, alteration, or retrofitting of  
12 renewable fuel plants in Illinois. The recipient of a grant  
13 under this Section must:

14 (1) be constructing, modifying, altering, or  
15 retrofitting a plant in the State of Illinois;

16 (2) be constructing, modifying, altering, or  
17 retrofitting a plant that has annual production capacity of  
18 no less than 5,000,000 gallons of renewable fuel per year;  
19 and

20 (3) enter into a project labor agreement, whenever  
21 practicable, as prescribed by Section 25 of this Act.

22 (b) Grant applications must be made on forms provided by  
23 and in accordance with procedures established by the

1 Department.

2 (c) The Department must give preference to applicants that  
3 use Illinois agricultural products in the production of  
4 renewable fuel at the plant for which the grant is being  
5 requested.

6 (Source: P.A. 96-140, eff. 1-1-10.)

7 (20 ILCS 689/20)

8 Sec. 20. Grants. Subject to appropriation, the Director is  
9 authorized to award grants to eligible applicants for the  
10 following programs.

11 (1) Next generation ethanol/renewable fuels. Eligible  
12 next generation ethanol/renewable fuel projects include  
13 those renewable fuel facilities installing new  
14 technologies to reduce water and energy usage as well as  
15 technologies to reduce greenhouse gas emissions. Projects  
16 that will result in more efficient processes, new  
17 co-products, fuels and chemicals are also eligible for  
18 funding. The annual aggregate amount of grants awarded  
19 under this item (1) for next generation ethanol/renewable  
20 fuel projects shall not exceed: \$2,000,000 in Fiscal Year  
21 2018, \$1,000,000 in Fiscal Year 2019.

22 (2) Majority blended ethanol and blender pump  
23 infrastructure program. The Department shall establish a  
24 grant program to provide funds for the installation of  
25 majority blended ethanol and blender pump fueling

1 facilities. The annual aggregate amount of grants awarded  
2 under this item (2) shall not exceed: \$2,000,000 in Fiscal  
3 Year 2018, \$1,000,000 in Fiscal Year 2019.

4 (3) Research and development program for sustainable  
5 corn production and corn-based renewable fuel production.  
6 The Department shall establish a grant program to provide  
7 funds for research and development projects to reduce the  
8 carbon footprint of corn based renewable fuels through new  
9 co-products, new process technologies, and new fuels. The  
10 Department shall also establish a grant program to fund  
11 research on increasing the sustainability of corn  
12 production through better nitrogen utilization, new best  
13 management practices for improved soil health, water  
14 conservation, and reduced environmental concerns. Eligible  
15 projects include those that will increase corn  
16 productivity with lower inputs and less risk. The annual  
17 aggregate amount of grants awarded under this item (3)  
18 shall not exceed: \$2,000,000 in Fiscal Year 2018,  
19 \$1,000,000 in Fiscal Year 2019.

20 ~~The annual aggregate amount of grants awarded shall not exceed~~  
21 ~~\$20,000,000, except that this amount does not include amounts,~~  
22 ~~up to \$4,000,000 per grant, that may be awarded to each~~  
23 ~~eligible applicant who installs advanced technologies for~~  
24 ~~water usage, carbon footprint reduction, and other blending~~  
25 ~~improvements designed to optimize processes at the applicant's~~  
26 ~~renewable fuels facility.~~

1 (Source: P.A. 96-173, eff. 8-10-09.)

2 Section 10. The Use Tax Act is amended by changing Sections  
3 3-10, 3-40, and 3-44 and by adding Section 3-44.3 as follows:

4 (35 ILCS 105/3-10)

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

1 like kind and character in Illinois.

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

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

9 With respect to gasohol, the tax imposed by this Act  
10 applies to (i) 70% of the proceeds of sales made on or after  
11 January 1, 1990, and before July 1, 2003, (ii) 80% of the  
12 proceeds of sales made on or after July 1, 2003 and on or  
13 before June 30, 2017, (iii) 90% of the proceeds of sales made  
14 on or after July 1, 2017 and on or before December 31, 2018,  
15 and (iv) ~~(iii)~~ 100% of the proceeds of sales made thereafter.  
16 If, at any time, however, the tax under this Act on sales of  
17 gasohol is imposed at the rate of 1.25%, then the tax imposed  
18 by this Act applies to 100% of the proceeds of sales of gasohol  
19 made during that time.

20 With respect to mid-range ethanol blends, the tax imposed  
21 by this Act applies to (i) 80% of the proceeds of sales made on  
22 or after July 1, 2017 and on or before December 31, 2018 and  
23 (ii) 100% of the proceeds of sales made thereafter. If, at any  
24 time, however, the tax under this Act on sales of mid-range  
25 ethanol blends is imposed at the rate of 1.25%, then the tax  
26 imposed by this Act applies to 100% of the proceeds of sales of

1 mid-range ethanol blends made during that time.

2 With respect to majority blended ethanol fuel, the tax  
3 imposed by this Act does not apply to the proceeds of sales  
4 made on or after July 1, 2003 and on or before December 31,  
5 2018 but applies to 100% of the proceeds of sales made  
6 thereafter.

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

17 With respect to 100% biodiesel and biodiesel blends with  
18 more than 10% but no more than 99% biodiesel, the tax imposed  
19 by this Act does not apply to the proceeds of sales made on or  
20 after July 1, 2003 and on or before December 31, 2018 but  
21 applies to 100% of the proceeds of sales made thereafter.

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

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

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

26 Until August 1, 2009, and notwithstanding any other



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

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

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

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

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

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

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

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

24 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;  
25 99-858, eff. 8-19-16.)

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~~  
25 ~~no more than 90% denatured ethanol and no less than 10% and no~~

1 ~~more than 30% gasoline.~~

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

3 (35 ILCS 105/3-44.3 new)

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

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

9 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

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

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

20 With respect to gasohol, as defined in the Use Tax Act, the  
21 tax imposed by this Act applies to (i) 70% of the selling price  
22 of property transferred as an incident to the sale of service  
23 on or after January 1, 1990, and before July 1, 2003, (ii) 80%

1 of the selling price of property transferred as an incident to  
2 the sale of service on or after July 1, 2003 and on or before  
3 June 30, 2017, (iii) 90% of the selling price of property  
4 transferred as an incident to the sale of service on or after  
5 July 1, 2017, and on or before December 31, 2018, and (iv)  
6 ~~(iii)~~ 100% of the selling price thereafter. If, at any time,  
7 however, the tax under this Act on sales of gasohol, as defined  
8 in the Use Tax Act, is imposed at the rate of 1.25%, then the  
9 tax imposed by this Act applies to 100% of the proceeds of  
10 sales of gasohol made during that time.

11 With respect to mid-range ethanol blends, as defined in the  
12 Use Tax Act, the tax imposed by this Act applies to (i) 80% of  
13 the selling price of property transferred as an incident to the  
14 sale of service on or after July 1, 2017 and on or before  
15 December 31, 2018 and (ii) 100% of the selling price  
16 thereafter. If, at any time, however, the tax under this Act on  
17 sales of mid-range ethanol blends is imposed at the rate of  
18 1.25%, then the tax imposed by this Act applies to 100% of the  
19 proceeds of sales of mid-range ethanol blends made during that  
20 time.

21 With respect to majority blended ethanol fuel, as defined  
22 in the Use Tax Act, the tax imposed by this Act does not apply  
23 to the selling price of property transferred as an incident to  
24 the sale of service on or after July 1, 2003 and on or before  
25 December 31, 2018 but applies to 100% of the selling price  
26 thereafter.

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

13           With respect to 100% biodiesel, as defined in the Use Tax  
14 Act, and biodiesel blends, as defined in the Use Tax Act, with  
15 more than 10% but no more than 99% biodiesel, the tax imposed  
16 by this Act does not apply to the proceeds of the selling price  
17 of property transferred as an incident to the sale of service  
18 on or after July 1, 2003 and on or before December 31, 2018 but  
19 applies to 100% of the selling price thereafter.

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

1 imposed by this Act shall be based on the serviceman's cost  
2 price of the tangible personal property transferred as an  
3 incident to the sale of those services.

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

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

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

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



1 regardless of the location of the vending machine.

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

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

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

25 (B) A statement of the "active ingredient(s)" with a  
26 list of those ingredients contained in the compound,

1 substance or preparation.

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

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

14 (Source: P.A. 98-104, eff. 7-22-13; 98-122, eff. 1-1-14;  
15 98-756, eff. 7-16-14; 99-143, eff. 7-27-15; 99-180, eff.  
16 7-29-15; 99-642, eff. 7-28-16; 99-858, eff. 8-19-16.)

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

19 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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

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

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

18 With respect to gasohol, as defined in the Use Tax Act, the  
19 tax imposed by this Act shall apply to (i) 70% of the cost  
20 price of property transferred as an incident to the sale of  
21 service on or after January 1, 1990, and before July 1, 2003,  
22 (ii) 80% of the selling price of property transferred as an  
23 incident to the sale of service on or after July 1, 2003 and on  
24 or before June 30, 2017, (iii) 90% of the selling price of  
25 property transferred as an incident to the sale of service on  
26 or after July 1, 2017, and on or before December 31, 2018, and

1 (iv) ~~(iii)~~ 100% of the cost price thereafter. If, at any time,  
2 however, the tax under this Act on sales of gasohol, as defined  
3 in the Use Tax Act, is imposed at the rate of 1.25%, then the  
4 tax imposed by this Act applies to 100% of the proceeds of  
5 sales of gasohol made during that time.

6 With respect to mid-range ethanol blends, as defined in the  
7 Use Tax Act, the tax imposed by this Act applies to (i) 80% of  
8 the selling price of property transferred as an incident to the  
9 sale of service on or after July 1, 2017 and on or before  
10 December 31, 2018 and (ii) 100% of the selling price  
11 thereafter. If, at any time, however, the tax under this Act on  
12 sales of mid-range ethanol blends is imposed at the rate of  
13 1.25%, then the tax imposed by this Act applies to 100% of the  
14 proceeds of sales of mid-range ethanol blends made during that  
15 time.

16 With respect to majority blended ethanol fuel, as defined  
17 in the Use Tax Act, the tax imposed by this Act does not apply  
18 to the selling price of property transferred as an incident to  
19 the sale of service on or after July 1, 2003 and on or before  
20 December 31, 2018 but applies to 100% of the selling price  
21 thereafter.

22 With respect to biodiesel blends, as defined in the Use Tax  
23 Act, with no less than 1% and no more than 10% biodiesel, the  
24 tax imposed by this Act applies to (i) 80% of the selling price  
25 of property transferred as an incident to the sale of service  
26 on or after July 1, 2003 and on or before December 31, 2018 and

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

8 With respect to 100% biodiesel, as defined in the Use Tax  
9 Act, and biodiesel blends, as defined in the Use Tax Act, with  
10 more than 10% but no more than 99% biodiesel material, the tax  
11 imposed by this Act does not apply to the proceeds of the  
12 selling price of property transferred as an incident to the  
13 sale of service on or after July 1, 2003 and on or before  
14 December 31, 2018 but applies to 100% of the selling price  
15 thereafter.

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

26 The tax shall be imposed at the rate of 1% on food prepared

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

1 of size; but "soft drinks" does not include coffee, tea,  
2 non-carbonated water, infant formula, milk or milk products as  
3 defined in the Grade A Pasteurized Milk and Milk Products Act,  
4 or drinks containing 50% or more natural fruit or vegetable  
5 juice.

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

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

24 Notwithstanding any other provisions of this Act,  
25 beginning September 1, 2009, "food for human consumption that  
26 is to be consumed off the premises where it is sold" does not

1 include candy. For purposes of this Section, "candy" means a  
2 preparation of sugar, honey, or other natural or artificial  
3 sweeteners in combination with chocolate, fruits, nuts or other  
4 ingredients or flavorings in the form of bars, drops, or  
5 pieces. "Candy" does not include any preparation that contains  
6 flour or requires refrigeration.

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

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

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

24 Beginning on January 1, 2014 (the effective date of Public  
25 Act 98-122), "prescription and nonprescription medicines and  
26 drugs" includes medical cannabis purchased from a registered



1 dispensing organization under the Compassionate Use of Medical  
2 Cannabis Pilot Program Act.

3 (Source: P.A. 98-104, eff. 7-22-13; 98-122, eff. 1-1-14;  
4 98-756, eff. 7-16-14; 99-143, eff. 7-27-15; 99-180, eff.  
5 7-29-15; 99-642, eff. 7-28-16; 99-858, eff. 8-19-16.)

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

8 (35 ILCS 120/2-10)

9 Sec. 2-10. Rate of tax. Unless otherwise provided in this  
10 Section, the tax imposed by this Act is at the rate of 6.25% of  
11 gross receipts from sales of tangible personal property made in  
12 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 of  
16 the Use Tax Act, the tax is imposed at the rate of 1.25%.

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

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

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

11 With respect to gasohol, as defined in the Use Tax Act, the  
12 tax imposed by this Act applies to (i) 70% of the proceeds of  
13 sales made on or after January 1, 1990, and before July 1,  
14 2003, (ii) 80% of the proceeds of sales made on or after July  
15 1, 2003 and on or before June 30, 2017, (iii) 90% of the  
16 proceeds of sales made on or after July 1, 2017 and on or  
17 before December 31, 2018, and (iv) ~~(iii)~~ 100% of the proceeds  
18 of sales made thereafter. If, at any time, however, the tax  
19 under this Act on sales of gasohol, as defined in the Use Tax  
20 Act, is imposed at the rate of 1.25%, then the tax imposed by  
21 this Act applies to 100% of the proceeds of sales of gasohol  
22 made during that time.

23 With respect to mid-range ethanol blends, as defined in the  
24 Use Tax Act, the tax imposed by this Act applies to (i) 80% of  
25 the proceeds of sales made on or after July 1, 2017 and on or  
26 before December 31, 2018 and (ii) 100% of the proceeds of sales

1 made thereafter. If, at any time, however, the tax under this  
2 Act on sales of mid-range ethanol blends is imposed at the rate  
3 of 1.25%, then the tax imposed by this Act applies to 100% of  
4 the proceeds of sales of mid-range ethanol blends made during  
5 that time.

6 With respect to majority blended ethanol fuel, as defined  
7 in the Use Tax Act, the tax imposed by this Act does not apply  
8 to the proceeds of sales made on or after July 1, 2003 and on or  
9 before December 31, 2018 but applies to 100% of the proceeds of  
10 sales made thereafter.

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

22 With respect to 100% biodiesel, as defined in the Use Tax  
23 Act, and biodiesel blends, as defined in the Use Tax Act, with  
24 more than 10% but no more than 99% biodiesel, the tax imposed  
25 by this Act does not apply to the proceeds of sales made on or  
26 after July 1, 2003 and on or before December 31, 2018 but

1 applies to 100% of the proceeds of sales made thereafter.

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

26 Notwithstanding any other provisions of this Act,

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

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

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

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

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

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

23           (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;  
24 99-858, eff. 8-19-16.)

25           Section 99. Effective date. This Act takes effect upon  
26 becoming law.