



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB5766

by Rep. David McSweeney

SYNOPSIS AS INTRODUCED:

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

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

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Reduces the rate of tax under those Acts for a 3-month period to 4.69% (currently 6.25%). Provides that, during that period, with respect to food, medicines, drugs, medical appliances, and other devices that are ordinarily subject to a 1% rate of tax, the tax is imposed at the rate of 0.75%. Effective immediately.

LRB101 21119 HLH 71604 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 Use Tax Act is amended by changing Section
5 3-10 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 Except as otherwise provided in this paragraph, beginning
6 on the effective date of this amendatory Act of the 101st
7 General Assembly and continuing through the last day of the
8 third month to occur on or after the effective date of this
9 amendatory Act of the 101st General Assembly, the rate of tax
10 imposed by this Act is 4.69% of either the selling price or the
11 fair market value, if any, of tangible personal property.
12 Beginning on the effective date of this amendatory Act of the
13 101st General Assembly and continuing through the last day of
14 the third month to occur on or after the effective date of this
15 amendatory Act of the 101st General Assembly, with respect to
16 food, medicines, drugs, medical appliances, and other devices
17 that are ordinarily subject to a 1% rate of tax, the tax is
18 imposed at the rate of 0.75%.

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

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

26 With respect to gasohol, the tax imposed by this Act

1 applies to (i) 70% of the proceeds of sales made on or after
2 January 1, 1990, and before July 1, 2003, (ii) 80% of the
3 proceeds of sales made on or after July 1, 2003 and on or
4 before July 1, 2017, and (iii) 100% of the proceeds of sales
5 made thereafter. If, at any time, however, the tax under this
6 Act on sales of gasohol is imposed at the rate of 1.25%, then
7 the tax imposed by this Act applies to 100% of the proceeds of
8 sales of gasohol made during that time.

9 With respect to majority blended ethanol fuel, the tax
10 imposed by this Act does not apply to the proceeds of sales
11 made on or after July 1, 2003 and on or before December 31,
12 2023 but applies to 100% of the proceeds of sales made
13 thereafter.

14 With respect to biodiesel blends with no less than 1% and
15 no more than 10% biodiesel, the tax imposed by this Act applies
16 to (i) 80% of the proceeds of sales made on or after July 1,
17 2003 and on or before December 31, 2018 and (ii) 100% of the
18 proceeds of sales made thereafter. If, at any time, however,
19 the tax under this Act on sales of biodiesel blends with no
20 less than 1% and no more than 10% biodiesel is imposed at the
21 rate of 1.25%, then the tax imposed by this Act applies to 100%
22 of the proceeds of sales of biodiesel blends with no less than
23 1% and no more than 10% biodiesel made during that time.

24 With respect to 100% biodiesel and biodiesel blends with
25 more than 10% but no more than 99% biodiesel, the tax imposed
26 by this Act does not apply to the proceeds of sales made on or

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

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

1 natural fruit or vegetable juice.

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

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

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

1 pieces. "Candy" does not include any preparation that contains
2 flour or requires refrigeration.

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

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

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

25 As used in this Section, "adult use cannabis" means
26 cannabis subject to tax under the Cannabis Cultivation

1 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and
2 does not include cannabis subject to tax under the
3 Compassionate Use of Medical Cannabis Program Act.

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

11 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
12 101-593, eff. 12-4-19.)

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

15 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

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

22 Except as otherwise provided in this paragraph, beginning
23 on the effective date of this amendatory Act of the 101st
24 General Assembly and continuing through the last day of the

1 third month to occur on or after the effective date of this
2 amendatory Act of the 101st General Assembly, the rate of tax
3 imposed by this Act is 4.69% of the selling price of tangible
4 personal property transferred as an incident to the sale of
5 service, but, for the purpose of computing this tax, in no
6 event shall the selling price be less than the cost price of
7 the property to the serviceman. Beginning on the effective date
8 of this amendatory Act of the 101st General Assembly and
9 continuing through the last day of the third month to occur on
10 or after the effective date of this amendatory Act of the 101st
11 General Assembly, with respect to food, medicines, drugs,
12 medical appliances, and other devices that are ordinarily
13 subject to a 1% rate of tax, the tax is imposed at the rate of
14 0.75%.

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

19 With respect to gasohol, as defined in the Use Tax Act, the
20 tax imposed by this Act applies to (i) 70% of the selling price
21 of property transferred as an incident to the sale of service
22 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
23 of 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 July 1, 2017, and (iii) 100% of the selling price thereafter.
26 If, at any time, however, the tax under this Act on sales of

1 gasohol, as defined in the Use Tax Act, is imposed at the rate
2 of 1.25%, then the tax imposed by this Act applies to 100% of
3 the proceeds of sales of gasohol made during that time.

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

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

1 on or after July 1, 2003 and on or before December 31, 2023 but
2 applies to 100% of the selling price thereafter.

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

13 The tax shall be imposed at the rate of 1% on food prepared
14 for immediate consumption and transferred incident to a sale of
15 service subject to this Act or the Service Occupation Tax Act
16 by an entity licensed under the Hospital Licensing Act, the
17 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD
18 Act, the Specialized Mental Health Rehabilitation Act of 2013,
19 or the Child Care Act of 1969. The tax shall also be imposed at
20 the rate of 1% on food for human consumption that is to be
21 consumed off the premises where it is sold (other than
22 alcoholic beverages, food consisting of or infused with adult
23 use cannabis, soft drinks, and food that has been prepared for
24 immediate consumption and is not otherwise included in this
25 paragraph) and prescription and nonprescription medicines,
26 drugs, medical appliances, products classified as Class III

1 medical devices by the United States Food and Drug
2 Administration that are used for cancer treatment pursuant to a
3 prescription, as well as any accessories and components related
4 to those devices, modifications to a motor vehicle for the
5 purpose of rendering it usable by a person with a disability,
6 and insulin, urine testing materials, syringes, and needles
7 used by diabetics, for human use. For the purposes of this
8 Section, until September 1, 2009: the term "soft drinks" means
9 any complete, finished, ready-to-use, non-alcoholic drink,
10 whether carbonated or not, including but not limited to soda
11 water, cola, fruit juice, vegetable juice, carbonated water,
12 and all other preparations commonly known as soft drinks of
13 whatever kind or description that are contained in any closed
14 or sealed bottle, can, carton, or container, regardless of
15 size; but "soft drinks" does not include coffee, tea,
16 non-carbonated water, infant formula, milk or milk products as
17 defined in the Grade A Pasteurized Milk and Milk Products Act,
18 or drinks containing 50% or more natural fruit or vegetable
19 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 January 1, 2014 (the effective date of Public
13 Act 98-122), "prescription and nonprescription medicines and
14 drugs" includes medical cannabis purchased from a registered
15 dispensing organization under the Compassionate Use of Medical
16 Cannabis Program Act.

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

22 If the property that is acquired from a serviceman is
23 acquired outside Illinois and used outside Illinois before
24 being brought to Illinois for use here and is taxable under
25 this Act, the "selling price" on which the tax is computed
26 shall be reduced by an amount that represents a reasonable

1 allowance for depreciation for the period of prior out-of-state
2 use.

3 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
4 101-593, eff. 12-4-19.)

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

7 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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

1 completion of the contract.

2 Except as otherwise provided in this paragraph, beginning
3 on the effective date of this amendatory Act of the 101st
4 General Assembly and continuing through the last day of the
5 third month to occur on or after the effective date of this
6 amendatory Act of the 101st General Assembly, the rate of tax
7 imposed by this Act is 4.69% of the "selling price", as defined
8 in Section 2 of the Service Use Tax Act, of the tangible
9 personal property. For the purpose of computing this tax, in no
10 event shall the "selling price" be less than the cost price to
11 the serviceman of the tangible personal property transferred.
12 Beginning on the effective date of this amendatory Act of the
13 101st General Assembly and continuing through the last day of
14 the third month to occur on or after the effective date of this
15 amendatory Act of the 101st General Assembly, with respect to
16 food, medicines, drugs, medical appliances, and other devices
17 that are ordinarily subject to a 1% rate of tax, the tax is
18 imposed at the rate of 0.75%.

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

23 With respect to gasohol, as defined in the Use Tax Act, the
24 tax imposed by this Act shall apply to (i) 70% of the cost
25 price of property transferred as an incident to the sale of
26 service on or after January 1, 1990, and before July 1, 2003,

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

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

14 With respect to biodiesel blends, as defined in the Use Tax
15 Act, with no less than 1% and no more than 10% biodiesel, the
16 tax imposed by this Act applies to (i) 80% 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 and
19 (ii) 100% of the proceeds of the selling price thereafter. If,
20 at any time, however, the tax under this Act on sales of
21 biodiesel blends, as defined in the Use Tax Act, with no less
22 than 1% and no more than 10% biodiesel is imposed at the rate
23 of 1.25%, then the tax imposed by this Act applies to 100% of
24 the proceeds of sales of biodiesel blends with no less than 1%
25 and no more than 10% biodiesel made during that time.

26 With respect to 100% biodiesel, as defined in the Use Tax

1 Act, and biodiesel blends, as defined in the Use Tax Act, with
2 more than 10% but no more than 99% biodiesel material, the tax
3 imposed by this Act does not apply to the proceeds of the
4 selling price of property transferred as an incident to the
5 sale of service on or after July 1, 2003 and on or before
6 December 31, 2023 but applies to 100% of the selling price
7 thereafter.

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

18 The tax shall be imposed at the rate of 1% on food prepared
19 for immediate consumption and transferred incident to a sale of
20 service subject to this Act or the Service Occupation Tax Act
21 by an entity licensed under the Hospital Licensing Act, the
22 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD
23 Act, the Specialized Mental Health Rehabilitation Act of 2013,
24 or the Child Care Act of 1969. The tax shall also be imposed at
25 the rate of 1% on food for human consumption that is to be
26 consumed off the premises where it is sold (other than

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

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "soft drinks" means non-alcoholic
26 beverages that contain natural or artificial sweeteners. "Soft

1 drinks" do not include beverages that contain milk or milk
2 products, soy, rice or similar milk substitutes, or greater
3 than 50% of vegetable or fruit juice by volume.

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

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

25 Notwithstanding any other provisions of this Act,
26 beginning September 1, 2009, "nonprescription medicines and

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

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

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

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

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

26 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;

1 101-593, eff. 12-4-19.)

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

4 (35 ILCS 120/2-10)

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

9 Except as otherwise provided in this paragraph, beginning
10 on the effective date of this amendatory Act of the 101st
11 General Assembly and continuing through the last day of the
12 third month to occur on or after the effective date of this
13 amendatory Act of the 101st General Assembly, the rate of tax
14 imposed by this Act is 4.69% of the gross receipts from sales
15 of tangible personal property made in the course of business.
16 Beginning on the effective date of this amendatory Act of the
17 101st General Assembly and continuing through the last day of
18 the third month to occur on or after the effective date of this
19 amendatory Act of the 101st General Assembly, with respect to
20 food, medicines, drugs, medical appliances, and other devices
21 that are ordinarily subject to a 1% rate of tax, the tax is
22 imposed at the rate of 0.75%.

23 Beginning on July 1, 2000 and through December 31, 2000,
24 with respect to motor fuel, as defined in Section 1.1 of the

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

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

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

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 proceeds of
23 sales made on or after January 1, 1990, and before July 1,
24 2003, (ii) 80% of the proceeds of sales made on or after July
25 1, 2003 and on or before July 1, 2017, and (iii) 100% of the
26 proceeds of sales made thereafter. If, at any time, however,

1 the tax under this Act on sales of gasohol, as defined in the
2 Use Tax Act, is imposed at the rate of 1.25%, then the tax
3 imposed by this Act applies to 100% of the proceeds of sales of
4 gasohol made during that time.

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

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

21 With respect to 100% biodiesel, as defined in the Use Tax
22 Act, and biodiesel blends, as defined in the Use Tax Act, with
23 more than 10% but no more than 99% biodiesel, the tax imposed
24 by this Act does not apply to the proceeds of sales made on or
25 after July 1, 2003 and on or before December 31, 2023 but
26 applies to 100% of the proceeds of sales made thereafter.

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

23 As used in this Section, "adult use cannabis" means
24 cannabis subject to tax under the Cannabis Cultivation
25 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law and
26 does not include cannabis subject to tax under the

1 Compassionate Use of Medical Cannabis Program Act.

2 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;

3 101-593, eff. 12-4-19.)

4 Section 99. Effective date. This Act takes effect upon

5 becoming law.