



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB1946

Introduced 2/17/2021, by Rep. Marcus C. Evans, Jr.

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. Provides that all blood sugar testing materials are subject to the 1% reduced rate of tax (currently, urine testing materials for human use only). Effective immediately.

LRB102 11780 HLH 17115 b

FISCAL NOTE ACT
MAY APPLY

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

1 established by Illinois sales by the taxpayer of the same
2 property as that functionally used or consumed, or if there
3 are no such sales by the taxpayer, then comparable sales or
4 purchases of property of 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 majority blended ethanol fuel, the tax
22 imposed by this Act does not apply to the proceeds of sales
23 made on or after July 1, 2003 and on or before December 31,
24 2023 but applies to 100% of the proceeds of sales made
25 thereafter.

26 With respect to biodiesel blends with no less than 1% and

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

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

15 With respect to food for human consumption that is to be
16 consumed off the premises where it is sold (other than
17 alcoholic beverages, food consisting of or infused with adult
18 use cannabis, soft drinks, and food that has been prepared for
19 immediate consumption) and prescription and nonprescription
20 medicines, drugs, medical appliances, products classified as
21 Class III medical devices by the United States Food and Drug
22 Administration that are used for cancer treatment pursuant to
23 a prescription, as well as any accessories and components
24 related to those devices, modifications to a motor vehicle for
25 the purpose of rendering it usable by a person with a
26 disability, and insulin, blood sugar ~~urine~~ testing materials,

1 syringes, and needles used by human diabetics, ~~for human use,~~
2 the tax is imposed at the rate of 1%. For the purposes of this
3 Section, until September 1, 2009: the term "soft drinks" means
4 any complete, finished, ready-to-use, non-alcoholic drink,
5 whether carbonated or not, including but not limited to soda
6 water, cola, fruit juice, vegetable juice, carbonated water,
7 and all other preparations commonly known as soft drinks of
8 whatever kind or description that are contained in any closed
9 or sealed bottle, can, carton, or container, regardless of
10 size; but "soft drinks" does not include coffee, tea,
11 non-carbonated water, infant formula, milk or milk products as
12 defined in the Grade A Pasteurized Milk and Milk Products Act,
13 or drinks containing 50% or more natural fruit or vegetable
14 juice.

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

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

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

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

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

1 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
2 label includes:

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

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

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

12 As used in this Section, "adult use cannabis" means
13 cannabis subject to tax under the Cannabis Cultivation
14 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
15 and does not include cannabis subject to tax under the
16 Compassionate Use of Medical Cannabis Program Act.

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

24 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
25 101-593, eff. 12-4-19.)

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

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

4 Sec. 3-10. 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 the selling price of tangible personal property transferred as
7 an incident to the sale of service, but, for the purpose of
8 computing this tax, in no event shall the selling price be less
9 than the cost price of the property to the serviceman.

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

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

25 With respect to majority blended ethanol fuel, as defined

1 in the Use Tax Act, the tax imposed by this Act does not apply
2 to 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 December 31, 2023 but applies to 100% of the selling price
5 thereafter.

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

18 With respect to 100% biodiesel, as defined in the Use Tax
19 Act, and biodiesel blends, as defined in the Use Tax Act, with
20 more than 10% but no more than 99% biodiesel, the tax imposed
21 by this Act does not apply to the proceeds of the selling price
22 of property transferred as an incident to the sale of service
23 on or after July 1, 2003 and on or before December 31, 2023 but
24 applies to 100% of the selling price thereafter.

25 At the election of any registered serviceman made for each
26 fiscal year, sales of service in which the aggregate annual

1 cost price of tangible personal property transferred as an
2 incident to the sales of service is less than 35%, or 75% in
3 the case of servicemen transferring prescription drugs or
4 servicemen engaged in graphic arts production, of the
5 aggregate annual total gross receipts from all sales of
6 service, the tax imposed by this Act shall be based on the
7 serviceman's cost price of the tangible personal property
8 transferred as an incident to the sale of those services.

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

1 the purpose of rendering it usable by a person with a
2 disability, and insulin, blood sugar ~~urine~~ testing materials,
3 syringes, and needles used by human diabetics, ~~for human use~~.
4 For the purposes of this Section, until September 1, 2009: the
5 term "soft drinks" means any complete, finished, ready-to-use,
6 non-alcoholic drink, whether carbonated or not, including but
7 not limited to soda water, cola, fruit juice, vegetable juice,
8 carbonated water, and all other preparations commonly known as
9 soft drinks of whatever kind or description that are contained
10 in any closed or sealed bottle, can, carton, or container,
11 regardless of size; but "soft drinks" does not include coffee,
12 tea, non-carbonated water, infant formula, milk or milk
13 products as defined in the Grade A Pasteurized Milk and Milk
14 Products Act, or drinks containing 50% or more natural fruit
15 or vegetable juice.

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

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

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

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

17 Notwithstanding any other provisions of this Act,
18 beginning September 1, 2009, "nonprescription medicines and
19 drugs" does not include grooming and hygiene products. For
20 purposes of this Section, "grooming and hygiene products"
21 includes, but is not limited to, soaps and cleaning solutions,
22 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
23 lotions and screens, unless those products are available by
24 prescription only, regardless of whether the products meet the
25 definition of "over-the-counter-drugs". For the purposes of
26 this paragraph, "over-the-counter-drug" means a drug for human

1 use that contains a label that identifies the product as a drug
2 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
3 label includes:

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

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

8 Beginning on January 1, 2014 (the effective date of Public
9 Act 98-122), "prescription and nonprescription medicines and
10 drugs" includes medical cannabis purchased from a registered
11 dispensing organization under the Compassionate Use of Medical
12 Cannabis Program Act.

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

18 If the property that is acquired from a serviceman is
19 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
24 out-of-state use.

25 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
26 101-593, eff. 12-4-19.)

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

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

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

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

1 the Use Tax Act, the tax is imposed at the rate of 1.25%.

2 With respect to gasohol, as defined in the Use Tax Act, the
3 tax imposed by this Act shall apply to (i) 70% of the cost
4 price of property transferred as an incident to the sale of
5 service on or after January 1, 1990, and before July 1, 2003,
6 (ii) 80% of the selling price of property transferred as an
7 incident to the sale of service on or after July 1, 2003 and on
8 or before July 1, 2017, and (iii) 100% of the cost price
9 thereafter. If, at any time, however, the tax under this Act on
10 sales of gasohol, as defined in the Use Tax Act, is imposed at
11 the rate of 1.25%, then the tax imposed by this Act applies to
12 100% of the proceeds of sales of gasohol made during that time.

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

19 With respect to biodiesel blends, as defined in the Use
20 Tax Act, with no less than 1% and no more than 10% biodiesel,
21 the tax imposed by this Act applies to (i) 80% of the selling
22 price of property transferred as an incident to the sale of
23 service on or after July 1, 2003 and on or before December 31,
24 2018 and (ii) 100% of the proceeds of the selling price
25 thereafter. If, at any time, however, the tax under this Act on
26 sales of biodiesel blends, as defined in the Use Tax Act, with

1 no less than 1% and no more than 10% biodiesel is imposed at
2 the rate of 1.25%, then the tax imposed by this Act applies to
3 100% of the proceeds of sales of biodiesel blends with no less
4 than 1% and no more than 10% biodiesel made during that time.

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

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

23 The tax shall be imposed at the rate of 1% on food prepared
24 for immediate consumption and transferred incident to a sale
25 of service subject to this Act or the Service Occupation Tax
26 Act by an entity licensed under the Hospital Licensing Act,

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

1 defined in the Grade A Pasteurized Milk and Milk Products Act,
2 or drinks containing 50% or more natural fruit or vegetable
3 juice.

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

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

22 Notwithstanding any other provisions of this Act,
23 beginning September 1, 2009, "food for human consumption that
24 is to be consumed off the premises where it is sold" does not
25 include candy. For purposes of this Section, "candy" means a
26 preparation of sugar, honey, or other natural or artificial

1 sweeteners in combination with chocolate, fruits, nuts or
2 other ingredients or flavorings in the form of bars, drops, or
3 pieces. "Candy" does not include any preparation that contains
4 flour or requires refrigeration.

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

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

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

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

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

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

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

10 (35 ILCS 120/2-10)

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

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

22 Within 14 days after the effective date of this amendatory
23 Act of the 91st General Assembly, each retailer of motor fuel
24 and gasohol shall cause the following notice to be posted in a

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

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

23 With respect to majority blended ethanol fuel, as defined
24 in the Use Tax Act, the tax imposed by this Act does not apply
25 to the proceeds of sales made on or after July 1, 2003 and on
26 or before December 31, 2023 but applies to 100% of the proceeds

1 of sales made thereafter.

2 With respect to biodiesel blends, as defined in the Use
3 Tax Act, with no less than 1% and no more than 10% biodiesel,
4 the tax imposed by this Act applies to (i) 80% of the proceeds
5 of sales made on or after July 1, 2003 and on or before
6 December 31, 2018 and (ii) 100% of the proceeds of sales made
7 thereafter. If, at any time, however, the tax under this Act on
8 sales of biodiesel blends, as defined in the Use Tax Act, with
9 no less than 1% and no more than 10% biodiesel is imposed at
10 the rate of 1.25%, then the tax imposed by this Act applies to
11 100% of the proceeds of sales of biodiesel blends with no less
12 than 1% 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 sales made on or
17 after July 1, 2003 and on or before December 31, 2023 but
18 applies to 100% of the proceeds of sales made thereafter.

19 With respect to food for human consumption that is to be
20 consumed off the premises where it is sold (other than
21 alcoholic beverages, food consisting of or infused with adult
22 use cannabis, soft drinks, and food that has been prepared for
23 immediate consumption) and prescription and nonprescription
24 medicines, drugs, medical appliances, products classified as
25 Class III medical devices by the United States Food and Drug
26 Administration that are used for cancer treatment pursuant to

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

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

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

23 Section 99. Effective date. This Act takes effect upon
24 becoming law.