



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB3999

Introduced 3/4/2021, by Rep. Katie Stuart

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-10	
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 Retailers' Occupation Tax Act. Provides that internal (also known as female) and male condoms, incontinence products, diapers, and baby wipes shall be taxed by the State at a rate of 1% (currently, 6.25%). Provides that the net revenue from the 1% tax collected from the sale of those products shall be deposited into the State and Local Sales Tax Reform Fund. Amends the Use Tax, Service Occupation Tax, and Service Occupation Use Tax Acts to make conforming changes.

LRB102 03858 HLH 13872 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
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, internal (also known as
21 female) and male condoms, incontinence products, diapers, baby
22 wipes, products classified as Class III medical devices by the
23 United States Food and Drug Administration that are used for
24 cancer treatment pursuant to a prescription, as well as any
25 accessories and components related to those devices,
26 modifications to a motor vehicle for the purpose of rendering

1 it usable by a person with a disability, and insulin, urine
2 testing materials, syringes, and needles used by diabetics,
3 for human use, the tax is imposed at the rate of 1%. For the
4 purposes of this Section, until September 1, 2009: the term
5 "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 the effective date of this amendatory Act of
9 the 98th General Assembly, "prescription and nonprescription
10 medicines and drugs" includes medical cannabis purchased from
11 a registered dispensing organization under the Compassionate
12 Use of Medical 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 purchased at retail from a
19 retailer is acquired outside Illinois and used outside
20 Illinois before being brought to Illinois for use here and is
21 taxable under this Act, the "selling price" on which the tax is
22 computed shall be reduced by an amount that represents a
23 reasonable 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 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.

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

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

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

26 At the election of any registered serviceman made for each

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

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

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

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

24 Until August 1, 2009, and notwithstanding any other
25 provisions of this Act, "food for human consumption that is to
26 be consumed off the premises where it is sold" includes all

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

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

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

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

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

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

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

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

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

1 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
2 101-593, eff. 12-4-19.)

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

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

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

24 Beginning on July 1, 2000 and through December 31, 2000,

1 with respect to motor fuel, as defined in Section 1.1 of the
2 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
3 the Use Tax Act, the tax is imposed at the rate of 1.25%.

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

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

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

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

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

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

25 The tax shall be imposed at the rate of 1% on food prepared
26 for immediate consumption and transferred incident to a sale

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

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

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

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

25 Notwithstanding any other provisions of this Act,
26 beginning September 1, 2009, "food for human consumption that

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

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

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

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

25 Beginning on January 1, 2014 (the effective date of Public
26 Act 98-122), "prescription and nonprescription medicines and

1 drugs" includes medical cannabis purchased from a registered
2 dispensing organization under the Compassionate Use of Medical
3 Cannabis Program Act.

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

9 (Source: P.A. 100-22, eff. 7-6-17; 101-363, eff. 8-9-19;
10 101-593, eff. 12-4-19.)

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

13 (35 ILCS 120/2-10)

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

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

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

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

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

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

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

16 With respect to 100% biodiesel, as defined in the Use Tax
17 Act, and biodiesel blends, as defined in the Use Tax Act, 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, 2023 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, food consisting of or infused with adult
25 use cannabis, soft drinks, and food that has been prepared for
26 immediate consumption) and prescription and nonprescription

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

23 Notwithstanding any other provisions of this Act,
24 beginning September 1, 2009, "soft drinks" means non-alcoholic
25 beverages that contain natural or artificial sweeteners. "Soft
26 drinks" do not include beverages that contain milk or milk

1 products, soy, rice or similar milk substitutes, or greater
2 than 50% of vegetable or fruit juice by volume.

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

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

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "nonprescription medicines and
26 drugs" does not include grooming and hygiene products. For

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

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

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

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

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

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