



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB4945

Introduced 1/27/2022, by Rep. Dave Vella

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, with respect to toilet paper, tissues, and towelettes, the tax is imposed at the rate of 1%. Effective immediately.

LRB102 25340 HLH 34617 b

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 testing materials,

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

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

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

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

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

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

1 label includes:

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

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

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

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

16 Beginning on July 1, 2022, with respect to toilet paper,
17 tissues, and towelettes, the tax is imposed at the rate of 1%.

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. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
26 102-4, eff. 4-27-21.)

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 Assisted Living and Shared
15 Housing Act, the ID/DD Community Care Act, the MC/DD Act, the
16 Specialized Mental Health Rehabilitation Act of 2013, or the
17 Child Care Act of 1969, or an entity that holds a permit issued
18 pursuant to the Life Care Facilities Act. The tax shall also be
19 imposed at the rate of 1% on food for human consumption that is
20 to be 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 is not otherwise included in this
24 paragraph) and prescription and nonprescription medicines,
25 drugs, medical appliances, products classified as Class III
26 medical devices by the United States Food and Drug

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

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

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

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

11 Notwithstanding any other provisions of this Act,
12 beginning September 1, 2009, "food for human consumption that
13 is to be consumed off the premises where it is sold" does not
14 include candy. For purposes of this Section, "candy" means a
15 preparation of sugar, honey, or other natural or artificial
16 sweeteners in combination with chocolate, fruits, nuts or
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 January 1, 2014 (the effective date of Public
12 Act 98-122), "prescription and nonprescription medicines and
13 drugs" includes medical cannabis purchased from a registered
14 dispensing organization under the Compassionate Use of Medical
15 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 Beginning on July 1, 2022, with respect to toilet paper,
22 tissues, and towelettes, the tax is imposed at the rate of 1%.

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

1 shall be reduced by an amount that represents a reasonable
2 allowance for depreciation for the period of prior
3 out-of-state use.

4 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
5 102-4, eff. 4-27-21; 102-16, eff. 6-17-21.)

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

8 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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

1 the tangible personal property transferred incident to the
2 completion of the contract.

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

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

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

24 With respect to biodiesel blends, as defined in the Use
25 Tax Act, with no less than 1% and no more than 10% biodiesel,
26 the tax imposed by this Act applies to (i) 80% of the selling

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

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

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

1 transferred incident to the sale of those services.

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

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

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

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

1 products that are dispensed hot from a vending machine,
2 regardless of the location of the vending machine.

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

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

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

26 (B) A statement of the "active ingredient(s)" with a

1 list of those ingredients contained in the compound,
2 substance or preparation.

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

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

13 Beginning on July 1, 2022, with respect to toilet paper,
14 tissues, and towelettes, the tax is imposed at the rate of 1%.

15 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
16 102-4, eff. 4-27-21; 102-16, eff. 6-17-21.)

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

19 (35 ILCS 120/2-10)

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

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

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

22 With respect to gasohol, as defined in the Use Tax Act, the
23 tax imposed by this Act applies to (i) 70% of the proceeds of
24 sales made on or after January 1, 1990, and before July 1,
25 2003, (ii) 80% of the proceeds of sales made on or after July
26 1, 2003 and on or before July 1, 2017, and (iii) 100% of the

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

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

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

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

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

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

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

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

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

1 flour or requires refrigeration.

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

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

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

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

24 As used in this Section, "adult use cannabis" means
25 cannabis subject to tax under the Cannabis Cultivation
26 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law

1 and does not include cannabis subject to tax under the
2 Compassionate Use of Medical Cannabis Program Act.

3 Beginning on July 1, 2022, with respect to toilet paper,
4 tissues, and towelettes, the tax is imposed at the rate of 1%.

5 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
6 102-4, eff. 4-27-21.)

7 Section 99. Effective date. This Act takes effect upon
8 becoming law.