

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 Sections
5 3-10 and 3-41 and by adding Sections 3-5.1 and 3-42.5 as
6 follows:

7 (35 ILCS 105/3-5.1 new)

8 Sec. 3-5.1. Biodiesel, renewable diesel, and biodiesel
9 blends.

10 (a) From January 1, 2024 through March 31, 2024, the taxes
11 imposed by this Act, the Service Use Tax Act, the Service
12 Occupation Tax Act, or the Retailers' Occupation Tax Act do
13 not apply to the proceeds of sales of the following items: (i)
14 biodiesel; (ii) renewable diesel; or (iii) biodiesel blends
15 with more than 10% but no more than 99% biodiesel.

16 (b) From April 1, 2024 through November 30, 2024, the
17 taxes imposed by this Act, the Service Use Tax Act, the Service
18 Occupation Tax Act, or the Retailers' Occupation Tax Act do
19 not apply to the proceeds of sales of the following items: (i)
20 biodiesel; (ii) renewable diesel; or (iii) biodiesel blends
21 with more than 13% but no more than 99% biodiesel.

22 (c) From December 1, 2024 through March 31, 2025, the
23 taxes imposed by this Act, the Service Use Tax Act, the Service

1 Occupation Tax Act, or the Retailers' Occupation Tax Act do
2 not apply to the proceeds of sales of the following items: (i)
3 biodiesel; (ii) renewable diesel; or (iii) biodiesel blends
4 with more than 10% but no more than 99% biodiesel.

5 (d) From April 1, 2025 through November 30, 2025, the
6 taxes imposed by this Act, the Service Use Tax Act, the Service
7 Occupation Tax Act, or the Retailers' Occupation Tax Act do
8 not apply to the proceeds of sales of the following items: (i)
9 biodiesel; (ii) renewable diesel; or (iii) biodiesel blends
10 with more than 16% but no more than 99% biodiesel.

11 (e) From December 1, 2025 through March 31, 2026, the
12 taxes imposed by this Act, the Service Use Tax Act, the Service
13 Occupation Tax Act, or the Retailers' Occupation Tax Act do
14 not apply to the proceeds of sales of the following items: (i)
15 biodiesel; (ii) renewable diesel; or (iii) biodiesel blends
16 with more than 10% but no more than 99% biodiesel.

17 (f) On and after April 1, 2026, the taxes imposed by this
18 Act, the Service Use Tax Act, the Service Occupation Tax Act,
19 or the Retailers' Occupation Tax Act do not apply to the
20 proceeds of sales of the following items: (i) biodiesel; (ii)
21 renewable diesel; or (iii) biodiesel blends with more than 19%
22 but no more than 99% biodiesel; provided that, from December 1
23 of any calendar year through March 31 of the following
24 calendar year, the taxes imposed by this Act, the Service Use
25 Tax Act, the Service Occupation Tax Act, or the Retailers'
26 Occupation Tax Act do not apply to the proceeds of sales of the

1 following items: (i) biodiesel; (ii) renewable diesel; or
2 (iii) biodiesel blends with more than 10% but no more than 99%
3 biodiesel.

4 (g) This Section is exempt from the provisions of Section
5 3-90 of this Act, Section 3-75 of the Service Use Tax Act,
6 Section 3-55 of the Service Occupation Tax Act, and Section
7 2-70 of the Retailers' Occupation Tax Act.

8 (35 ILCS 105/3-10)

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 either the selling price or the fair market value, if any, of
12 the tangible personal property. In all cases where property
13 functionally used or consumed is the same as the property that
14 was purchased at retail, then the tax is imposed on the selling
15 price of the property. In all cases where property
16 functionally used or consumed is a by-product or waste product
17 that has been refined, manufactured, or produced from property
18 purchased at retail, then the tax is imposed on the lower of
19 the fair market value, if any, of the specific property so used
20 in this State or on the selling price of the property purchased
21 at retail. For purposes of this Section "fair market value"
22 means the price at which property would change hands between a
23 willing buyer and a willing seller, neither being under any
24 compulsion to buy or sell and both having reasonable knowledge
25 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 after December 31, 2018 and before
5 January 1, 2024. On and after January 1, 2024, the taxation of
6 biodiesel, renewable diesel, and biodiesel blends shall be as
7 provided in Section 3-5.1 ~~thereafter~~. If, at any time,
8 however, the tax under this Act on sales of biodiesel blends
9 with no less than 1% and no more than 10% biodiesel is imposed
10 at the rate of 1.25%, then the tax imposed by this Act applies
11 to 100% of the proceeds of sales of biodiesel blends with no
12 less than 1% and no more than 10% biodiesel made during that
13 time.

14 With respect to 100% biodiesel and biodiesel blends 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. On~~
19 and after January 1, 2024, the taxation of biodiesel,
20 renewable diesel, and biodiesel blends shall be as provided in
21 Section 3-5.1.

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

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

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

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

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

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

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

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

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

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

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

1 computed shall be reduced by an amount that represents a
2 reasonable 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.)

6 (35 ILCS 105/3-41)

7 Sec. 3-41. Biodiesel. "Biodiesel" means a ~~renewable~~ diesel
8 fuel substitute derived from biomass that is intended for use
9 in diesel engines.

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

11 (35 ILCS 105/3-42.5 new)

12 Sec. 3-42.5. Renewable diesel. "Renewable diesel" means a
13 hydrocarbon fuel derived from biomass meeting the requirements
14 of the latest version of ASTM standards D975 or D396. Fuels
15 that have been co-processed are not considered renewable
16 diesel.

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

19 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

20 Sec. 3-10. Rate of tax. Unless otherwise provided in this
21 Section, the tax imposed by this Act is at the rate of 6.25% of
22 the selling price of tangible personal property transferred as

1 an incident to the sale of service, but, for the purpose of
2 computing this tax, in no event shall the selling price be less
3 than the cost price of the property to the serviceman.

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

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

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

25 With respect to biodiesel blends, as defined in the Use
26 Tax Act, with no less than 1% and no more than 10% biodiesel,

1 the tax imposed by this Act applies to (i) 80% of the selling
2 price of property transferred as an incident to the sale of
3 service on or after July 1, 2003 and on or before December 31,
4 2018 and (ii) 100% of the proceeds of the selling price after
5 December 31, 2018 and before January 1, 2024. On and after
6 January 1, 2024, the taxation of biodiesel, renewable diesel,
7 and biodiesel blends shall be as provided in Section 3-5.1 of
8 the Use Tax Act thereafter. If, at any time, however, the tax
9 under this Act on sales of biodiesel blends, as defined in the
10 Use Tax Act, with no less than 1% and no more than 10%
11 biodiesel is imposed at the rate of 1.25%, then the tax imposed
12 by this Act applies to 100% of the proceeds of sales of
13 biodiesel blends with no less than 1% and no more than 10%
14 biodiesel made during that time.

15 With respect to 100% biodiesel, as defined in the Use Tax
16 Act, and biodiesel blends, as defined in the Use Tax Act, with
17 more than 10% but no more than 99% biodiesel, the tax imposed
18 by this Act does not apply to the proceeds of the selling price
19 of property transferred as an incident to the sale of service
20 on or after July 1, 2003 and on or before December 31, 2023 ~~but~~
21 ~~applies to 100% of the selling price thereafter.~~ On and after
22 January 1, 2024, the taxation of biodiesel, renewable diesel,
23 and biodiesel blends shall be as provided in Section 3-5.1 of
24 the Use Tax Act.

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 Assisted Living and Shared
14 Housing Act, the ID/DD Community Care Act, the MC/DD Act, the
15 Specialized Mental Health Rehabilitation Act of 2013, or the
16 Child Care Act of 1969, or an entity that holds a permit issued
17 pursuant to the Life Care Facilities Act. The tax shall also be
18 imposed at the rate of 1% on food for human consumption that is
19 to be consumed off the premises where it is sold (other than
20 alcoholic beverages, food consisting of or infused with adult
21 use cannabis, soft drinks, and food that has been prepared for
22 immediate consumption and is not otherwise included in this
23 paragraph) and prescription and nonprescription medicines,
24 drugs, medical appliances, products classified as Class III
25 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 testing materials,
5 syringes, and needles used by human diabetics. For the
6 purposes of this Section, until September 1, 2009: the term
7 "soft drinks" means any complete, finished, ready-to-use,
8 non-alcoholic drink, whether carbonated or not, including but
9 not limited to soda water, cola, fruit juice, vegetable juice,
10 carbonated water, and all other preparations commonly known as
11 soft drinks of whatever kind or description that are contained
12 in any closed or sealed bottle, can, carton, or container,
13 regardless of size; but "soft drinks" does not include coffee,
14 tea, non-carbonated water, infant formula, milk or milk
15 products as defined in the Grade A Pasteurized Milk and Milk
16 Products Act, or drinks containing 50% or more natural fruit
17 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. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
2 102-4, eff. 4-27-21; 102-16, eff. 6-17-21.)

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 after

1 December 31, 2018 and before January 1, 2024. On and after
2 January 1, 2024, the taxation of biodiesel, renewable diesel,
3 and biodiesel blends shall be as provided in Section 3-5.1 of
4 the Use Tax Act~~thereafter~~. If, at any time, however, the tax
5 under this Act on sales of biodiesel blends, as defined in the
6 Use Tax Act, with no less than 1% and no more than 10%
7 biodiesel is imposed at the rate of 1.25%, then the tax imposed
8 by this Act applies to 100% of the proceeds of sales of
9 biodiesel blends with no less than 1% and no more than 10%
10 biodiesel made during that time.

11 With respect to 100% biodiesel, as defined in the Use Tax
12 Act, and biodiesel blends, as defined in the Use Tax Act, with
13 more than 10% but no more than 99% biodiesel material, the tax
14 imposed by this Act does not apply to the proceeds of the
15 selling price of property transferred as an incident to the
16 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.~~ On and after January 1, 2024, the taxation of
19 biodiesel, renewable diesel, and biodiesel blends shall be as
20 provided in Section 3-5.1 of the Use Tax Act.

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

1 aggregate annual total gross receipts from all sales of
2 service, the tax imposed by this Act shall be based on the
3 serviceman's cost price of the tangible personal property
4 transferred incident to the sale of those services.

5 The tax shall be imposed at the rate of 1% on food prepared
6 for immediate consumption and transferred incident to a sale
7 of service subject to this Act or the Service Occupation Tax
8 Act by an entity licensed under the Hospital Licensing Act,
9 the Nursing Home Care Act, the Assisted Living and Shared
10 Housing Act, the ID/DD Community Care Act, the MC/DD Act, the
11 Specialized Mental Health Rehabilitation Act of 2013, or the
12 Child Care Act of 1969, or an entity that holds a permit issued
13 pursuant to the Life Care Facilities Act. The tax shall also be
14 imposed at the rate of 1% on food for human consumption that is
15 to be consumed off the premises where it is sold (other than
16 alcoholic beverages, food consisting of or infused with adult
17 use cannabis, soft drinks, and food that has been prepared for
18 immediate consumption and is not otherwise included in this
19 paragraph) and prescription and nonprescription medicines,
20 drugs, medical appliances, products classified as Class III
21 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. For the
2 purposes of this Section, until September 1, 2009: the term
3 "soft drinks" means any complete, finished, ready-to-use,
4 non-alcoholic drink, whether carbonated or not, including but
5 not limited to soda water, cola, fruit juice, vegetable juice,
6 carbonated water, and all other preparations commonly known as
7 soft drinks of whatever kind or description that are contained
8 in any closed or sealed can, carton, or container, regardless
9 of size; but "soft drinks" does not include coffee, tea,
10 non-carbonated water, infant formula, milk or milk products as
11 defined in the Grade A Pasteurized Milk and Milk Products Act,
12 or drinks containing 50% or more natural fruit or vegetable
13 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 January 1, 2014 (the effective date of Public
7 Act 98-122), "prescription and nonprescription medicines and
8 drugs" includes medical cannabis purchased from a registered
9 dispensing organization under the Compassionate Use of Medical
10 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 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
17 102-4, eff. 4-27-21; 102-16, eff. 6-17-21.)

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

20 (35 ILCS 120/2-10)

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

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

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

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

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

1 1, 2003 and on or before July 1, 2017, and (iii) 100% of the
2 proceeds of sales made thereafter. If, at any time, however,
3 the tax under this Act on sales of gasohol, as defined in the
4 Use Tax Act, is imposed at the rate of 1.25%, then the tax
5 imposed by this Act applies to 100% of the proceeds of sales of
6 gasohol made during that time.

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

12 With respect to biodiesel blends, as defined in the Use
13 Tax Act, with no less than 1% and no more than 10% biodiesel,
14 the tax imposed by this Act applies to (i) 80% of the proceeds
15 of sales made on or after July 1, 2003 and on or before
16 December 31, 2018 and (ii) 100% of the proceeds of sales made
17 after December 31, 2018 and before January 1, 2024. On and
18 after January 1, 2024, the taxation of biodiesel, renewable
19 diesel, and biodiesel blends shall be as provided in Section
20 3-5.1 of the Use Tax Act ~~thereafter~~. If, at any time, however,
21 the tax under this Act on sales of biodiesel blends, as defined
22 in the Use Tax Act, with no less than 1% and no more than 10%
23 biodiesel is imposed at the rate of 1.25%, then the tax imposed
24 by this Act applies to 100% of the proceeds of sales of
25 biodiesel blends with no less than 1% and no more than 10%
26 biodiesel made during that time.

1 With respect to 100% biodiesel, as defined in the Use Tax
2 Act, and biodiesel blends, as defined in the Use Tax Act, with
3 more than 10% but no more than 99% biodiesel, the tax imposed
4 by this Act does not apply to the proceeds of sales made on or
5 after July 1, 2003 and on or before December 31, 2023 ~~but~~
6 ~~applies to 100% of the proceeds of sales made thereafter.~~ On
7 and after January 1, 2024, the taxation of biodiesel,
8 renewable diesel, and biodiesel blends shall be as provided in
9 Section 3-5.1 of the Use Tax Act.

10 With respect to food for human consumption that is to be
11 consumed off the premises where it is sold (other than
12 alcoholic beverages, food consisting of or infused with adult
13 use cannabis, soft drinks, and food that has been prepared for
14 immediate consumption) and prescription and nonprescription
15 medicines, drugs, medical appliances, products classified as
16 Class III medical devices by the United States Food and Drug
17 Administration that are used for cancer treatment pursuant to
18 a prescription, as well as any accessories and components
19 related to those devices, modifications to a motor vehicle for
20 the purpose of rendering it usable by a person with a
21 disability, and insulin, blood sugar testing materials,
22 syringes, and needles used by human diabetics, the tax is
23 imposed at the rate of 1%. For the purposes of this Section,
24 until September 1, 2009: the term "soft drinks" means any
25 complete, finished, ready-to-use, non-alcoholic drink, whether
26 carbonated or not, including but not limited to soda water,

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

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

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

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

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

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

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

1 Beginning on the effective date of this amendatory Act of
2 the 98th General Assembly, "prescription and nonprescription
3 medicines and drugs" includes medical cannabis purchased from
4 a registered dispensing organization under the Compassionate
5 Use of Medical Cannabis Program Act.

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

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

13 Section 25. The Motor Fuel Tax Law is amended by adding
14 Section 3d as follows:

15 (35 ILCS 505/3d new)

16 Sec. 3d. Right to blend.

17 (a) A distributor who is properly licensed and permitted
18 as a blender pursuant to this Act may blend petroleum-based
19 diesel fuel with biodiesel and sell the blended or unblended
20 product on any premises owned and operated by the distributor
21 for the purpose of supporting or facilitating the retail sale
22 of motor fuel.

23 (b) A refiner or supplier of petroleum-based diesel fuel
24 or biodiesel shall not refuse to sell or transport to a

1 distributor who is properly licensed and permitted as a
2 blender pursuant to this Act any petroleum-based diesel fuel
3 or biodiesel based on the distributor's or dealer's intent to
4 use that product for blending.

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.