

SB2396



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB2396

Introduced 2/26/2021, by Sen. Rachelle Crowe

SYNOPSIS AS INTRODUCED:

30 ILCS 105/6z-18	from Ch. 127, par. 142z-18
30 ILCS 105/6z-20	from Ch. 127, par. 142z-20
35 ILCS 105/3-10	
35 ILCS 120/2-10	

Amends the Use Tax Act and the Retailers' Occupation Tax Act. Provides that, from August 6, 2021 through August 8, 2021, and from August 13, 2021 through August 15, 2021, the tax imposed under the Acts on clothing and school supplies shall be at the rate of 1.25% (instead of 6.25%). Effective immediately.

LRB102 17269 HLH 22741 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 State Finance Act is amended by changing
5 Sections 6z-18 and 6z-20 as follows:

6 (30 ILCS 105/6z-18) (from Ch. 127, par. 142z-18)

7 Sec. 6z-18. Local Government Tax Fund. A portion of the
8 money paid into the Local Government Tax Fund from sales of
9 tangible personal property taxed at the 1% rate under the
10 Retailers' Occupation Tax Act and the Service Occupation Tax
11 Act, which occurred in municipalities, shall be distributed to
12 each municipality based upon the sales which occurred in that
13 municipality. The remainder shall be distributed to each
14 county based upon the sales which occurred in the
15 unincorporated area of that county.

16 A portion of the money paid into the Local Government Tax
17 Fund from the 6.25% general use tax rate on the selling price
18 of tangible personal property which is purchased outside
19 Illinois at retail from a retailer and which is titled or
20 registered by any agency of this State's government shall be
21 distributed to municipalities as provided in this paragraph.
22 Each municipality shall receive the amount attributable to
23 sales for which Illinois addresses for titling or registration

1 purposes are given as being in such municipality. The
2 remainder of the money paid into the Local Government Tax Fund
3 from such sales shall be distributed to counties. Each county
4 shall receive the amount attributable to sales for which
5 Illinois addresses for titling or registration purposes are
6 given as being located in the unincorporated area of such
7 county.

8 A portion of the money paid into the Local Government Tax
9 Fund from the 6.25% general rate (and, beginning July 1, 2000
10 and through December 31, 2000, the 1.25% rate on motor fuel and
11 gasohol, and beginning on August 6, 2010 through August 15,
12 2010, and beginning again from August 6, 2021 through August
13 11, 2021, and from August 13, 2021 through August 15, 2021, the
14 1.25% rate on sales tax holiday items) on sales subject to
15 taxation under the Retailers' Occupation Tax Act and the
16 Service Occupation Tax Act, which occurred in municipalities,
17 shall be distributed to each municipality, based upon the
18 sales which occurred in that municipality. The remainder shall
19 be distributed to each county, based upon the sales which
20 occurred in the unincorporated area of such county.

21 For the purpose of determining allocation to the local
22 government unit, a retail sale by a producer of coal or other
23 mineral mined in Illinois is a sale at retail at the place
24 where the coal or other mineral mined in Illinois is extracted
25 from the earth. This paragraph does not apply to coal or other
26 mineral when it is delivered or shipped by the seller to the

1 purchaser at a point outside Illinois so that the sale is
2 exempt under the United States Constitution as a sale in
3 interstate or foreign commerce.

4 Whenever the Department determines that a refund of money
5 paid into the Local Government Tax Fund should be made to a
6 claimant instead of issuing a credit memorandum, the
7 Department shall notify the State Comptroller, who shall cause
8 the order to be drawn for the amount specified, and to the
9 person named, in such notification from the Department. Such
10 refund shall be paid by the State Treasurer out of the Local
11 Government Tax Fund.

12 As soon as possible after the first day of each month,
13 beginning January 1, 2011, upon certification of the
14 Department of Revenue, the Comptroller shall order
15 transferred, and the Treasurer shall transfer, to the STAR
16 Bonds Revenue Fund the local sales tax increment, as defined
17 in the Innovation Development and Economy Act, collected
18 during the second preceding calendar month for sales within a
19 STAR bond district and deposited into the Local Government Tax
20 Fund, less 3% of that amount, which shall be transferred into
21 the Tax Compliance and Administration Fund and shall be used
22 by the Department, subject to appropriation, to cover the
23 costs of the Department in administering the Innovation
24 Development and Economy Act.

25 After the monthly transfer to the STAR Bonds Revenue Fund,
26 on or before the 25th day of each calendar month, the

1 Department shall prepare and certify to the Comptroller the
2 disbursement of stated sums of money to named municipalities
3 and counties, the municipalities and counties to be those
4 entitled to distribution of taxes or penalties paid to the
5 Department during the second preceding calendar month. The
6 amount to be paid to each municipality or county shall be the
7 amount (not including credit memoranda) collected during the
8 second preceding calendar month by the Department and paid
9 into the Local Government Tax Fund, plus an amount the
10 Department determines is necessary to offset any amounts which
11 were erroneously paid to a different taxing body, and not
12 including an amount equal to the amount of refunds made during
13 the second preceding calendar month by the Department, and not
14 including any amount which the Department determines is
15 necessary to offset any amounts which are payable to a
16 different taxing body but were erroneously paid to the
17 municipality or county, and not including any amounts that are
18 transferred to the STAR Bonds Revenue Fund. Within 10 days
19 after receipt, by the Comptroller, of the disbursement
20 certification to the municipalities and counties, provided for
21 in this Section to be given to the Comptroller by the
22 Department, the Comptroller shall cause the orders to be drawn
23 for the respective amounts in accordance with the directions
24 contained in such certification.

25 When certifying the amount of monthly disbursement to a
26 municipality or county under this Section, the Department

1 shall increase or decrease that amount by an amount necessary
2 to offset any misallocation of previous disbursements. The
3 offset amount shall be the amount erroneously disbursed within
4 the 6 months preceding the time a misallocation is discovered.

5 The provisions directing the distributions from the
6 special fund in the State Treasury provided for in this
7 Section shall constitute an irrevocable and continuing
8 appropriation of all amounts as provided herein. The State
9 Treasurer and State Comptroller are hereby authorized to make
10 distributions as provided in this Section.

11 In construing any development, redevelopment, annexation,
12 preannexation or other lawful agreement in effect prior to
13 September 1, 1990, which describes or refers to receipts from
14 a county or municipal retailers' occupation tax, use tax or
15 service occupation tax which now cannot be imposed, such
16 description or reference shall be deemed to include the
17 replacement revenue for such abolished taxes, distributed from
18 the Local Government Tax Fund.

19 As soon as possible after the effective date of this
20 amendatory Act of the 98th General Assembly, the State
21 Comptroller shall order and the State Treasurer shall transfer
22 \$6,600,000 from the Local Government Tax Fund to the Illinois
23 State Medical Disciplinary Fund.

24 (Source: P.A. 100-1171, eff. 1-4-19.)

25 (30 ILCS 105/6z-20) (from Ch. 127, par. 142z-20)

1 Sec. 6z-20. County and Mass Transit District Fund. Of the
2 money received from the 6.25% general rate (and, beginning
3 July 1, 2000 and through December 31, 2000, the 1.25% rate on
4 motor fuel and gasohol, and beginning on August 6, 2010
5 through August 15, 2010, and beginning again from August 6,
6 2021 through August 11, 2021, and from August 13, 2021 through
7 August 15, 2021, the 1.25% rate on sales tax holiday items) on
8 sales subject to taxation under the Retailers' Occupation Tax
9 Act and Service Occupation Tax Act and paid into the County and
10 Mass Transit District Fund, distribution to the Regional
11 Transportation Authority tax fund, created pursuant to Section
12 4.03 of the Regional Transportation Authority Act, for deposit
13 therein shall be made based upon the retail sales occurring in
14 a county having more than 3,000,000 inhabitants. The remainder
15 shall be distributed to each county having 3,000,000 or fewer
16 inhabitants based upon the retail sales occurring in each such
17 county.

18 For the purpose of determining allocation to the local
19 government unit, a retail sale by a producer of coal or other
20 mineral mined in Illinois is a sale at retail at the place
21 where the coal or other mineral mined in Illinois is extracted
22 from the earth. This paragraph does not apply to coal or other
23 mineral when it is delivered or shipped by the seller to the
24 purchaser at a point outside Illinois so that the sale is
25 exempt under the United States Constitution as a sale in
26 interstate or foreign commerce.

1 Of the money received from the 6.25% general use tax rate
2 on tangible personal property which is purchased outside
3 Illinois at retail from a retailer and which is titled or
4 registered by any agency of this State's government and paid
5 into the County and Mass Transit District Fund, the amount for
6 which Illinois addresses for titling or registration purposes
7 are given as being in each county having more than 3,000,000
8 inhabitants shall be distributed into the Regional
9 Transportation Authority tax fund, created pursuant to Section
10 4.03 of the Regional Transportation Authority Act. The
11 remainder of the money paid from such sales shall be
12 distributed to each county based on sales for which Illinois
13 addresses for titling or registration purposes are given as
14 being located in the county. Any money paid into the Regional
15 Transportation Authority Occupation and Use Tax Replacement
16 Fund from the County and Mass Transit District Fund prior to
17 January 14, 1991, which has not been paid to the Authority
18 prior to that date, shall be transferred to the Regional
19 Transportation Authority tax fund.

20 Whenever the Department determines that a refund of money
21 paid into the County and Mass Transit District Fund should be
22 made to a claimant instead of issuing a credit memorandum, the
23 Department shall notify the State Comptroller, who shall cause
24 the order to be drawn for the amount specified, and to the
25 person named, in such notification from the Department. Such
26 refund shall be paid by the State Treasurer out of the County

1 and Mass Transit District Fund.

2 As soon as possible after the first day of each month,
3 beginning January 1, 2011, upon certification of the
4 Department of Revenue, the Comptroller shall order
5 transferred, and the Treasurer shall transfer, to the STAR
6 Bonds Revenue Fund the local sales tax increment, as defined
7 in the Innovation Development and Economy Act, collected
8 during the second preceding calendar month for sales within a
9 STAR bond district and deposited into the County and Mass
10 Transit District Fund, less 3% of that amount, which shall be
11 transferred into the Tax Compliance and Administration Fund
12 and shall be used by the Department, subject to appropriation,
13 to cover the costs of the Department in administering the
14 Innovation Development and Economy Act.

15 After the monthly transfer to the STAR Bonds Revenue Fund,
16 on or before the 25th day of each calendar month, the
17 Department shall prepare and certify to the Comptroller the
18 disbursement of stated sums of money to the Regional
19 Transportation Authority and to named counties, the counties
20 to be those entitled to distribution, as hereinabove provided,
21 of taxes or penalties paid to the Department during the second
22 preceding calendar month. The amount to be paid to the
23 Regional Transportation Authority and each county having
24 3,000,000 or fewer inhabitants shall be the amount (not
25 including credit memoranda) collected during the second
26 preceding calendar month by the Department and paid into the

1 County and Mass Transit District Fund, plus an amount the
2 Department determines is necessary to offset any amounts which
3 were erroneously paid to a different taxing body, and not
4 including an amount equal to the amount of refunds made during
5 the second preceding calendar month by the Department, and not
6 including any amount which the Department determines is
7 necessary to offset any amounts which were payable to a
8 different taxing body but were erroneously paid to the
9 Regional Transportation Authority or county, and not including
10 any amounts that are transferred to the STAR Bonds Revenue
11 Fund, less 1.5% of the amount to be paid to the Regional
12 Transportation Authority, which shall be transferred into the
13 Tax Compliance and Administration Fund. The Department, at the
14 time of each monthly disbursement to the Regional
15 Transportation Authority, shall prepare and certify to the
16 State Comptroller the amount to be transferred into the Tax
17 Compliance and Administration Fund under this Section. Within
18 10 days after receipt, by the Comptroller, of the disbursement
19 certification to the Regional Transportation Authority,
20 counties, and the Tax Compliance and Administration Fund
21 provided for in this Section to be given to the Comptroller by
22 the Department, the Comptroller shall cause the orders to be
23 drawn for the respective amounts in accordance with the
24 directions contained in such certification.

25 When certifying the amount of a monthly disbursement to
26 the Regional Transportation Authority or to a county under

1 this Section, the Department shall increase or decrease that
2 amount by an amount necessary to offset any misallocation of
3 previous disbursements. The offset amount shall be the amount
4 erroneously disbursed within the 6 months preceding the time a
5 misallocation is discovered.

6 The provisions directing the distributions from the
7 special fund in the State Treasury provided for in this
8 Section and from the Regional Transportation Authority tax
9 fund created by Section 4.03 of the Regional Transportation
10 Authority Act shall constitute an irrevocable and continuing
11 appropriation of all amounts as provided herein. The State
12 Treasurer and State Comptroller are hereby authorized to make
13 distributions as provided in this Section.

14 In construing any development, redevelopment, annexation,
15 preannexation or other lawful agreement in effect prior to
16 September 1, 1990, which describes or refers to receipts from
17 a county or municipal retailers' occupation tax, use tax or
18 service occupation tax which now cannot be imposed, such
19 description or reference shall be deemed to include the
20 replacement revenue for such abolished taxes, distributed from
21 the County and Mass Transit District Fund or Local Government
22 Distributive Fund, as the case may be.

23 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18.)

24 Section 10. The Use Tax Act is amended by changing Section
25 3-10 as follows:

1 (35 ILCS 105/3-10)

2 Sec. 3-10. Rate of tax. Unless otherwise provided in this
3 Section, the tax imposed by this Act is at the rate of 6.25% of
4 either the selling price or the fair market value, if any, of
5 the tangible personal property. In all cases where property
6 functionally used or consumed is the same as the property that
7 was purchased at retail, then the tax is imposed on the selling
8 price of the property. In all cases where property
9 functionally used or consumed is a by-product or waste product
10 that has been refined, manufactured, or produced from property
11 purchased at retail, then the tax is imposed on the lower of
12 the fair market value, if any, of the specific property so used
13 in this State or on the selling price of the property purchased
14 at retail. For purposes of this Section "fair market value"
15 means the price at which property would change hands between a
16 willing buyer and a willing seller, neither being under any
17 compulsion to buy or sell and both having reasonable knowledge
18 of the relevant facts. The fair market value shall be
19 established by Illinois sales by the taxpayer of the same
20 property as that functionally used or consumed, or if there
21 are no such sales by the taxpayer, then comparable sales or
22 purchases of property of like kind and character in Illinois.

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

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

2 Beginning on August 6, 2010 through August 15, 2010, and
3 beginning again from August 6, 2021 through August 8, 2021 and
4 from August 13, 2021 through August 15, 2021, with respect to
5 sales tax holiday items as defined in Section 3-6 of this Act,
6 the tax is imposed at the rate of 1.25%.

7 With respect to gasohol, the tax imposed by this Act
8 applies to (i) 70% of the proceeds of sales made on or after
9 January 1, 1990, and before July 1, 2003, (ii) 80% of the
10 proceeds of sales made on or after July 1, 2003 and on or
11 before July 1, 2017, and (iii) 100% of the proceeds of sales
12 made thereafter. If, at any time, however, the tax under this
13 Act on sales of gasohol is imposed at the rate of 1.25%, then
14 the tax imposed by this Act applies to 100% of the proceeds of
15 sales of gasohol made during that time.

16 With respect to majority blended ethanol fuel, the tax
17 imposed by this Act does not apply to the proceeds of sales
18 made on or after July 1, 2003 and on or before December 31,
19 2023 but applies to 100% of the proceeds of sales made
20 thereafter.

21 With respect to biodiesel blends with no less than 1% and
22 no more than 10% biodiesel, the tax imposed by this Act applies
23 to (i) 80% of the proceeds of sales made on or after July 1,
24 2003 and on or before December 31, 2018 and (ii) 100% of the
25 proceeds of sales made thereafter. If, at any time, however,
26 the tax under this Act on sales of biodiesel blends with no

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

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

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, urine testing materials, syringes,
22 and needles used by diabetics, for human use, 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 If the property that is purchased at retail from a
12 retailer is acquired outside Illinois and used outside
13 Illinois before being brought to Illinois for use here and is
14 taxable under this Act, the "selling price" on which the tax is
15 computed shall be reduced by an amount that represents a
16 reasonable allowance for depreciation for the period of prior
17 out-of-state use.

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

20 Section 15. The Retailers' Occupation Tax Act is amended
21 by changing Section 2-10 as follows:

22 (35 ILCS 120/2-10)

23 Sec. 2-10. Rate of tax. Unless otherwise provided in this
24 Section, the tax imposed by this Act is at the rate of 6.25% of

1 gross receipts from sales of tangible personal property made
2 in the course of business.

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 Beginning on August 6, 2010 through August 15, 2010, and
8 beginning again from August 6, 2021 through August 8, 2021 and
9 from August 13, 2021 through August 15, 2021, with respect to
10 sales tax holiday items as defined in Section 2-8 of this Act,
11 the tax is imposed at the rate of 1.25%.

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

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

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

16 With respect to biodiesel blends, as defined in the Use
17 Tax Act, with no less than 1% and no more than 10% biodiesel,
18 the tax imposed by this Act applies to (i) 80% of the proceeds
19 of sales made on or after July 1, 2003 and on or before
20 December 31, 2018 and (ii) 100% of the proceeds of sales made
21 thereafter. If, at any time, however, the tax under this Act on
22 sales of biodiesel blends, as defined in the Use Tax Act, with
23 no less than 1% and no more than 10% biodiesel is imposed at
24 the rate of 1.25%, then the tax imposed by this Act applies to
25 100% of the proceeds of sales of biodiesel blends with no less
26 than 1% and no more than 10% 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.

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

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

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

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

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "food for human consumption that
26 is to be consumed off the premises where it is sold" does not

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

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

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

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

24 Beginning on the effective date of this amendatory Act of
25 the 98th General Assembly, "prescription and nonprescription
26 medicines and drugs" includes medical cannabis purchased from

1 a registered dispensing organization under the Compassionate
2 Use of Medical Cannabis Program Act.

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

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

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.