



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

**HB4465**

Introduced 1/16/2024, by Rep. Sonya M. Harper

#### SYNOPSIS AS INTRODUCED:

35 ILCS 120/2-10  
410 ILCS 705/65-10

Amends the Retailers' Occupation Tax Act. In a provision concerning the rate of tax, provides that the definition "prescription and nonprescription medicine and drugs" includes cannabis or cannabis-infused products purchased from a dispensing organization under the Cannabis Regulation and Tax Act by a cardholder under the Compassionate Use of Medical Cannabis Act. Amends the Cannabis Regulation and Tax Act. Provides that the tax imposed under the provisions is not imposed on cannabis-infused product that is subject to tax under the Compassionate Use of Medical Cannabis Program Act or cannabis or cannabis-infused product sold to a cardholder under the Compassionate Use of Medical Cannabis Program Act. Effective January 1, 2026.

LRB103 36082 CES 66171 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 Retailers' Occupation Tax Act is amended by  
5 changing Section 2-10 as follows:

6 (35 ILCS 120/2-10)

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

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

15 Beginning on August 6, 2010 through August 15, 2010, and  
16 beginning again on August 5, 2022 through August 14, 2022,  
17 with respect to sales tax holiday items as defined in Section  
18 2-8 of this Act, the tax is imposed at the rate of 1.25%.

19 Within 14 days after July 1, 2000 (the effective date of  
20 Public Act 91-872), each retailer of motor fuel and gasohol  
21 shall cause the following notice to be posted in a prominently  
22 visible place on each retail dispensing device that is used to  
23 dispense motor fuel or gasohol in the State of Illinois: "As of

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

11 With respect to gasohol, as defined in the Use Tax Act, the  
12 tax imposed by this Act applies to (i) 70% of the proceeds of  
13 sales made on or after January 1, 1990, and before July 1,  
14 2003, (ii) 80% of the proceeds of sales made on or after July  
15 1, 2003 and on or before July 1, 2017, (iii) 100% of the  
16 proceeds of sales made after July 1, 2017 and prior to January  
17 1, 2024, (iv) 90% of the proceeds of sales made on or after  
18 January 1, 2024 and on or before December 31, 2028, and (v)  
19 100% of the proceeds of sales made after December 31, 2028. If,  
20 at any time, however, the tax under this Act on sales of  
21 gasohol, as defined in the Use Tax Act, is imposed at the rate  
22 of 1.25%, then the tax imposed by this Act applies to 100% of  
23 the proceeds of sales of gasohol made during that time.

24 With respect to mid-range ethanol blends, as defined in  
25 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act  
26 applies to (i) 80% of the proceeds of sales made on or after

1 January 1, 2024 and on or before December 31, 2028 and (ii)  
2 100% of the proceeds of sales made after December 31, 2028. If,  
3 at any time, however, the tax under this Act on sales of  
4 mid-range ethanol blends is imposed at the rate of 1.25%, then  
5 the tax imposed by this Act applies to 100% of the proceeds of  
6 sales of mid-range ethanol blends 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, 2028 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 and on or before December 31, 2030, the  
19 taxation of biodiesel, renewable diesel, and biodiesel blends  
20 shall be as provided in Section 3-5.1 of the Use Tax Act. If,  
21 at any time, however, the tax under this Act on sales of  
22 biodiesel blends, as defined in the Use Tax Act, with no less  
23 than 1% and no more than 10% biodiesel is imposed at the rate  
24 of 1.25%, then the tax imposed by this Act applies to 100% of  
25 the proceeds of sales of biodiesel blends with no less than 1%  
26 and no more than 10% biodiesel made during that time.

1 With respect to biodiesel, as defined in the Use Tax Act,  
2 and biodiesel blends, as defined in the Use Tax Act, with more  
3 than 10% but no more than 99% biodiesel, the tax imposed by  
4 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. On and  
6 after January 1, 2024 and on or before December 31, 2030, the  
7 taxation of biodiesel, renewable diesel, and biodiesel blends  
8 shall be as provided in Section 3-5.1 of the Use Tax Act.

9 Until July 1, 2022 and beginning again on July 1, 2023,  
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), the tax is imposed at the rate of 1%.  
15 Beginning July 1, 2022 and until July 1, 2023, with respect to  
16 food for human consumption that is to be consumed off the  
17 premises where it is sold (other than alcoholic beverages,  
18 food consisting of or infused with adult use cannabis, soft  
19 drinks, and food that has been prepared for immediate  
20 consumption), the tax is imposed at the rate of 0%.

21 With respect to prescription and nonprescription  
22 medicines, drugs, medical appliances, products classified as  
23 Class III medical devices by the United States Food and Drug  
24 Administration that are used for cancer treatment pursuant to  
25 a prescription, as well as any accessories and components  
26 related to those devices, modifications to a motor vehicle for

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

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

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

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

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

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

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

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

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

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

13 Beginning on January 1, 2026, "prescription and  
14 nonprescription medicine and drugs" includes cannabis or  
15 cannabis-infused products purchased from a dispensing  
16 organization under the Cannabis Regulation and Tax Act by a  
17 cardholder, as defined under Section 10 of the Compassionate  
18 Use of Medical Cannabis Act.

19 As used in this Section, "adult use cannabis" means  
20 cannabis subject to tax under the Cannabis Cultivation  
21 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law  
22 and does not include cannabis or cannabis-infused product sold  
23 to a cardholder, as defined under Section 10 of the  
24 Compassionate Use of Medical Cannabis Act ~~subject to tax under~~  
25 ~~the Compassionate Use of Medical Cannabis Program Act.~~

26 (Source: P.A. 102-4, eff. 4-27-21; 102-700, Article 20,

1 Section 20-20, eff. 4-19-22; 102-700, Article 60, Section  
2 60-30, eff. 4-19-22; 102-700, Article 65, Section 65-10, eff.  
3 4-19-22; 103-9, eff. 6-7-23; 103-154, eff. 6-30-23.)

4 Section 10. The Cannabis Regulation and Tax Act is amended  
5 by changing Section 65-10 as follows:

6 (410 ILCS 705/65-10)

7 Sec. 65-10. Tax imposed.

8 (a) Beginning January 1, 2020, a tax is imposed upon  
9 purchasers for the privilege of using cannabis at the  
10 following rates:

11 (1) Any cannabis, other than a cannabis-infused  
12 product, with an adjusted delta-9-tetrahydrocannabinol  
13 level at or below 35% shall be taxed at a rate of 10% of  
14 the purchase price;

15 (2) Any cannabis, other than a cannabis-infused  
16 product, with an adjusted delta-9-tetrahydrocannabinol  
17 level above 35% shall be taxed at a rate of 25% of the  
18 purchase price; and

19 (3) A cannabis-infused product shall be taxed at a  
20 rate of 20% of the purchase price.

21 (b) The purchase of any product that contains any amount  
22 of cannabis or any derivative thereof is subject to the tax  
23 under subsection (a) of this Section on the full purchase  
24 price of the product.

1 (c) The tax imposed under this Section is not imposed on  
2 cannabis or cannabis-infused product that is subject to tax  
3 under the Compassionate Use of Medical Cannabis Program Act or  
4 on cannabis or cannabis-infused product sold to a cardholder,  
5 as defined under Section 10 of the Compassionate Use of  
6 Medical Cannabis Program Act. The tax imposed by this Section  
7 is not imposed with respect to any transaction in interstate  
8 commerce, to the extent the transaction may not, under the  
9 Constitution and statutes of the United States, be made the  
10 subject of taxation by this State.

11 (d) The tax imposed under this Article shall be in  
12 addition to all other occupation, privilege, or excise taxes  
13 imposed by the State of Illinois or by any municipal  
14 corporation or political subdivision thereof.

15 (e) The tax imposed under this Article shall not be  
16 imposed on any purchase by a purchaser if the cannabis  
17 retailer is prohibited by federal or State Constitution,  
18 treaty, convention, statute, or court decision from collecting  
19 the tax from the purchaser.

20 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)

21 Section 99. Effective date. This Act takes effect January  
22 1, 2026.