

1 AN ACT concerning taxes.

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  
5 Section 3-10 as follows:

6 (35 ILCS 105/3-10) (from Ch. 120, par. 439.3-10)

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

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

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

2 With respect to gasohol, the tax imposed by this Act  
3 applies to 70% of the proceeds of sales made on or after  
4 January 1, 1990, and before January 1, 2008 ~~July-17-2003~~, and  
5 to 100% of the proceeds of sales made thereafter.

6 With respect to food for human consumption that is to be  
7 consumed off the premises where it is sold (other than  
8 alcoholic beverages, soft drinks, and food that has been  
9 prepared for immediate consumption) and prescription and  
10 nonprescription medicines, drugs, medical appliances,  
11 modifications to a motor vehicle for the purpose of rendering  
12 it usable by a disabled person, and insulin, urine testing  
13 materials, syringes, and needles used by diabetics, for human  
14 use, the tax is imposed at the rate of 1%. For the purposes  
15 of this Section, the term "soft drinks" means any complete,  
16 finished, ready-to-use, non-alcoholic drink, whether  
17 carbonated or not, including but not limited to soda water,  
18 cola, fruit juice, vegetable juice, carbonated water, and all  
19 other preparations commonly known as soft drinks of whatever  
20 kind or description that are contained in any closed or  
21 sealed bottle, can, carton, or container, regardless of size.  
22 "Soft drinks" does not include coffee, tea, non-carbonated  
23 water, infant formula, milk or milk products as defined in  
24 the Grade A Pasteurized Milk and Milk Products Act, or drinks  
25 containing 50% or more natural fruit or vegetable juice.

26 Notwithstanding any other provisions of this Act, "food  
27 for human consumption that is to be consumed off the premises  
28 where it is sold" includes all food sold through a vending  
29 machine, except soft drinks and food products that are  
30 dispensed hot from a vending machine, regardless of the  
31 location of the vending machine.

32 If the property that is purchased at retail from a  
33 retailer is acquired outside Illinois and used outside  
34 Illinois before being brought to Illinois for use here and is

1 taxable under this Act, the "selling price" on which the tax  
 2 is computed shall be reduced by an amount that represents a  
 3 reasonable allowance for depreciation for the period of prior  
 4 out-of-state use.

5 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;  
 6 91-51, eff. 6-30-99; 91-872, eff. 7-1-00.)

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

9 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

10 Sec. 3-10. Rate of tax. Unless otherwise provided in  
 11 this Section, the tax imposed by this Act is at the rate of  
 12 6.25% of the selling price of tangible personal property  
 13 transferred as an incident to the sale of service, but, for  
 14 the purpose of computing this tax, in no event shall the  
 15 selling price be less than the cost price of the property to  
 16 the serviceman.

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

21 With respect to gasohol, as defined in the Use Tax Act,  
 22 the tax imposed by this Act applies to 70% of the selling  
 23 price of property transferred as an incident to the sale of  
 24 service on or after January 1, 1990, and before January 1,  
 25 2008 ~~July--17--2003~~, and to 100% of the selling price  
 26 thereafter.

27 At the election of any registered serviceman made for  
 28 each fiscal year, sales of service in which the aggregate  
 29 annual cost price of tangible personal property transferred  
 30 as an incident to the sales of service is less than 35%, or  
 31 75% in the case of servicemen transferring prescription drugs  
 32 or 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 as an incident to the sale of those services.

5 The tax shall be imposed at the rate of 1% on food  
6 prepared for immediate consumption and transferred incident  
7 to a sale of service subject to this Act or the Service  
8 Occupation Tax Act by an entity licensed under the Hospital  
9 Licensing Act, the Nursing Home Care Act, or the Child Care  
10 Act of 1969. The tax shall also be imposed at the rate of 1%  
11 on food for human consumption that is to be consumed off the  
12 premises where it is sold (other than alcoholic beverages,  
13 soft drinks, and food that has been prepared for immediate  
14 consumption and is not otherwise included in this paragraph)  
15 and prescription and nonprescription medicines, drugs,  
16 medical appliances, modifications to a motor vehicle for the  
17 purpose of rendering it usable by a disabled person, and  
18 insulin, urine testing materials, syringes, and needles used  
19 by diabetics, for human use. For the purposes of this  
20 Section, the term "soft drinks" means any complete, finished,  
21 ready-to-use, non-alcoholic drink, whether carbonated or not,  
22 including but not limited to soda water, cola, fruit juice,  
23 vegetable juice, carbonated water, and all other preparations  
24 commonly known as soft drinks of whatever kind or description  
25 that are contained in any closed or sealed bottle, can,  
26 carton, or container, regardless of size. "Soft drinks" does  
27 not include coffee, tea, non-carbonated water, infant  
28 formula, milk or milk products as defined in the Grade A  
29 Pasteurized Milk and Milk Products Act, or drinks containing  
30 50% or more natural fruit or vegetable juice.

31 Notwithstanding any other provisions of this Act, "food  
32 for human consumption that is to be consumed off the premises  
33 where it is sold" includes all food sold through a vending  
34 machine, except soft drinks and food products that are

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

3 If the property that is acquired from a serviceman is  
4 acquired outside Illinois and used outside Illinois before  
5 being brought to Illinois for use here and is taxable under  
6 this Act, the "selling price" on which the tax is computed  
7 shall be reduced by an amount that represents a reasonable  
8 allowance for depreciation for the period of prior  
9 out-of-state use.

10 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;  
11 91-51, eff. 6-30-99; 91-541, eff. 8-13-99; 91-872, eff.  
12 7-1-00.)

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

15 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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

1 transferred incident to the completion of the contract.

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

6 With respect to gasohol, as defined in the Use Tax Act,  
7 the tax imposed by this Act shall apply to 70% of the cost  
8 price of property transferred as an incident to the sale of  
9 service on or after January 1, 1990, and before January 1,  
10 2008 ~~July-17-2003~~, and to 100% of the cost price thereafter.

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

21 The tax shall be imposed at the rate of 1% on food  
22 prepared for immediate consumption and transferred incident  
23 to a sale of service subject to this Act or the Service  
24 Occupation Tax Act by an entity licensed under the Hospital  
25 Licensing Act, the Nursing Home Care Act, or the Child Care  
26 Act of 1969. The tax shall also be imposed at the rate of 1%  
27 on food for human consumption that is to be consumed off the  
28 premises where it is sold (other than alcoholic beverages,  
29 soft drinks, and food that has been prepared for immediate  
30 consumption and is not otherwise included in this paragraph)  
31 and prescription and nonprescription medicines, drugs,  
32 medical appliances, modifications to a motor vehicle for the  
33 purpose of rendering it usable by a disabled person, and  
34 insulin, urine testing materials, syringes, and needles used

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

13 Notwithstanding any other provisions of this Act, "food  
14 for human consumption that is to be consumed off the premises  
15 where it is sold" includes all food sold through a vending  
16 machine, except soft drinks and food products that are  
17 dispensed hot from a vending machine, regardless of the  
18 location of the vending machine.

19 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;  
20 91-51, 6-30-99; 91-541, eff. 8-13-99; 91-872, eff. 7-1-00.)

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

23 (35 ILCS 120/2-10) (from Ch. 120, par. 441-10)

24 Sec. 2-10. Rate of tax. Unless otherwise provided in  
25 this Section, the tax imposed by this Act is at the rate of  
26 6.25% of gross receipts from sales of tangible personal  
27 property made in the course of business.

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

32 Within 14 days after the effective date of this

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

15 With respect to gasohol, as defined in the Use Tax Act,  
16 the tax imposed by this Act applies to 70% of the proceeds of  
17 sales made on or after January 1, 1990, and before January 1,  
18 2008 ~~July-17-2003~~, and to 100% of the proceeds of sales made  
19 thereafter.

20 With respect to food for human consumption that is to be  
21 consumed off the premises where it is sold (other than  
22 alcoholic beverages, soft drinks, and food that has been  
23 prepared for immediate consumption) and prescription and  
24 nonprescription medicines, drugs, medical appliances,  
25 modifications to a motor vehicle for the purpose of rendering  
26 it usable by a disabled person, and insulin, urine testing  
27 materials, syringes, and needles used by diabetics, for human  
28 use, the tax is imposed at the rate of 1%. For the purposes  
29 of this Section, the term "soft drinks" means any complete,  
30 finished, ready-to-use, non-alcoholic drink, whether  
31 carbonated or not, including but not limited to soda water,  
32 cola, fruit juice, vegetable juice, carbonated water, and all  
33 other preparations commonly known as soft drinks of whatever  
34 kind or description that are contained in any closed or



1 sealed bottle, can, carton, or container, regardless of size.  
2 "Soft drinks" does not include coffee, tea, non-carbonated  
3 water, infant formula, milk or milk products as defined in  
4 the 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, "food  
7 for human consumption that is to be consumed off the premises  
8 where it is sold" includes all food sold through a vending  
9 machine, except soft drinks and food products that are  
10 dispensed hot from a vending machine, regardless of the  
11 location of the vending machine.

12 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;  
13 91-51, eff. 6-30-99; 91-872, eff. 7-1-00.)

14 Section 99. Effective date. This Act takes effect on  
15 July 1, 2003.