

94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB2236

Introduced 1/11/2006, by Sen. Deanna Demuzio - John M. Sullivan - John O. Jones - Debbie DeFrancesco Halvorson - Gary G. Dahl, et al.

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Renewable Fuels Development Program Act. Provides that a recipient of Program grants must be constructing, modifying, altering, or retrofitting an (i) ethanol plant (now, just plant) that has annual production capacity of no less than 30,000,000 gallons of renewable fuel per year or a (ii) biodiesel plant. Requires the Department of Commerce and Economic Opportunity to establish and administer grant programs including: the Illinois Renewable Fuels Majority Blended Ethanol Program, the Illinois Corn Grain to Fuel Research Consortium Assistance Program, the Illinois Renewable Fuels Corn-to-Hydrogen Fuel Cell Research Program, the Illinois Renewable Fuels Biodiesel Infrastructure Grant Program, the Illinois Renewable Fuels Ethanol Development Intergovernmental Assistance Program. Sets forth the purposes and conditions for these grant programs. Provides that subject to appropriation (now, subject to appropriation from the Build Illinois Bond Fund), the Director is authorized to award Renewable Fuels Development Program Fund grants. Sets forth that the annual aggregate amount for these grants shall not exceed \$25,000,000 in Fiscal year 2007 and 2008 and \$15,000,000 thereafter (now, may not exceed \$15,000,000). Specifies how these grant funds shall be allocated. Sets forth certain limitations on spending on the various Program grants including for research conducted at the National Corn-to-Ethanol Research Facility at SIU-Edwardsville not to exceed \$1,000,000 annually, and a one-time grant in FY 2007 not to exceed \$3,000,000 for construction, remodeling, and expansion of the National Corn-to-Ethanol Research Facility at SIU-Edwardsville. Provides that normal operating and execution of renewable fuels programs in existence on January 1, 2006 within the Department from the Renewable Fuels Development Program Fund shall not exceed \$5,000,000 annually. Amends the State Finance Act to create the Renewable Fuels Development Program Fund as a special fund in the State treasury to fund these grant programs. Sets forth certain conditions for the operation of this Fund. Provides for certain annual payments from the General Revenue Fund to the Renewable Fuels Development Program Fund. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act, to provide that on or after July 1, 2006 and on or before June 30, 2016, those tax rates apply to 90% of the proceeds of sales made on gasohol (now, apply to 80% of the proceeds of sales made on gasohol). Amends the Motor Fuel and Petroleum Standards Act to provide that beginning January 1, 2008 a minimum of 10% of all motor fuel sold or offered for sale in Illinois must be denatured ethanol and that beginning January 1, 2012 a minimum of 15% of all motor fuel sold or offered for sale in Illinois must be denatured ethanol. Effective July 1, 2006.

LRB094 18473 RSP 53794 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning renewable fuels.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Renewable Fuels Development
5 Program Act is amended by changing Sections 10, 15, and 20 and
6 by adding Sections 15-a, 15-b, 15-c, 15-d, 15-e, and 20-a as
7 follows:

8 (20 ILCS 689/10)

9 Sec. 10. Definitions. As used in this Act:

10 "Biodiesel" means a renewable diesel fuel derived from
11 biomass that is intended for use in diesel engines.

12 "Biodiesel blend" means a blend of biodiesel with
13 petroleum-based diesel fuel in which the resultant product
14 contains no less than 1% and no more than 99% biodiesel.

15 "Biomass" means non-fossil organic materials that have an
16 intrinsic chemical energy content. "Biomass" includes, but is
17 not limited to, soybean oil, other vegetable oils, and ethanol.

18 "Department" means the Department of Commerce and Economic
19 Opportunity ~~Community Affairs~~.

20 "Diesel fuel" means any product intended for use or offered
21 for sale as a fuel for engines in which the fuel is injected
22 into the combustion chamber and ignited by pressure without
23 electric spark.

24 "Director" means the Director of Commerce and Economic
25 Opportunity ~~Community Affairs~~.

26 "Ethanol" means a product produced from agricultural
27 commodities or by-products used as a fuel or to be blended with
28 other fuels for use in motor vehicles.

29 "Fuel" means fuel as defined in Section 1.19 of the Motor
30 Fuel Tax Law.

31 "Gasohol" means motor fuel that is no more than 90%
32 gasoline and at least 10% denatured ethanol that contains no

1 more than 1.25% water by weight.

2 "Gasoline" means all products commonly or commercially
3 known or sold as gasoline (including casing head and absorption
4 or natural gasoline).

5 "Illinois agricultural product" means any agricultural
6 commodity grown in Illinois that is used by a production
7 facility to produce renewable fuel in Illinois, including, but
8 not limited to, corn, barley, and soy beans.

9 "Labor Organization" means any organization defined as a
10 "labor organization" under Section 2 of the National Labor
11 Relations Act (29 U.S.C. 152).

12 "Majority blended ethanol fuel" means motor fuel that
13 contains no less than 70% and no more than 90% denatured
14 ethanol and no less than 10% and no more than 30% gasoline.

15 "Motor vehicles" means motor vehicles as defined in the
16 Illinois Vehicle Code and watercraft propelled by an internal
17 combustion engine.

18 "Owner" means any individual, sole proprietorship, limited
19 partnership, co-partnership, joint venture, corporation,
20 cooperative, or other legal entity, including its agents, that
21 operates or will operate a plant located within the State of
22 Illinois.

23 "Plant" means a production facility that produces a
24 renewable fuel. "Plant" includes land, any building or other
25 improvement on or to land, and any personal properties deemed
26 necessary or suitable for use, whether or not now in existence,
27 in the processing of fuel from agricultural commodities or
28 by-products.

29 "Renewable fuel" means ethanol, gasohol, majority blended
30 ethanol fuel, biodiesel blend fuel, and biodiesel.

31 (Source: P.A. 93-15, eff. 6-11-03; 93-618, eff. 12-11-03;
32 revised 12-6-03.)

33 (20 ILCS 689/15)

34 Sec. 15. Illinois Renewable Fuels Development Program.

35 (a) The Department must develop and administer the Illinois

1 Renewable Fuels Development Program to assist in the
2 construction, modification, alteration, or retrofitting of
3 renewable fuel plants in Illinois. The recipient of a grant
4 under this Section must:

5 (1) be constructing, modifying, altering, or
6 retrofitting a plant in the State of Illinois;

7 (2) be constructing, modifying, altering, or
8 retrofitting (i) an ethanol a plant that has annual
9 production capacity of no less than 30,000,000 gallons of
10 renewable fuel per year or (ii) a bio-diesel plant; and

11 (3) enter into a project labor agreement as prescribed
12 by Section 25 of this Act.

13 (b) Grant applications must be made on forms provided by
14 and in accordance with procedures established by the
15 Department.

16 (c) The Department must give preference to applicants that
17 use Illinois agricultural products in the production of
18 renewable fuel at the plant for which the grant is being
19 requested.

20 (Source: P.A. 93-15, eff. 6-11-03.)

21 (20 ILCS 689/15-a new)

22 Sec. 15-a. Illinois Renewable Fuels Majority Blended
23 Ethanol Program. The Department shall establish and administer
24 the Illinois Renewable Fuels Majority Blended Ethanol Program
25 to encourage the construction, installation, and marketing of
26 majority blended ethanol fuel.

27 (20 ILCS 689/15-b new)

28 Sec. 15-b. Illinois Corn Grain to Fuel Research Consortium
29 Assistance Program. The Department shall develop and
30 administer a grant program to assist members of the Illinois
31 Corn Grain to Fuel Research Consortium in research and support
32 efforts on behalf of corn kernel to fuel alcohol and value
33 added co-products. The Department shall solicit proposals for
34 funding if they provide for research in the Consortium member's

1 own laboratories, for research collaborations among consortium
2 members, or for members outside the consortium conducting pilot
3 testing at the National Corn-to-Ethanol Research Center.
4 Preference will be given to projects in partnership with
5 industry or for project pilot scale demonstration that advance
6 Illinois leadership in the development of a bio-based economy.

7 (20 ILCS 689/15-c new)

8 Sec. 15-c. Illinois Renewable Fuels Corn-to-Hydrogen Fuel
9 Cell Research Program. The Department shall establish and
10 administer the Illinois Renewable Fuels Corn-to-Hydrogen Fuel
11 Cell Research Program to encourage the development and
12 implementation of methods to convert corn into hydrogen for
13 hydrogen fuel cells.

14 (20 ILCS 689/15-d new)

15 Sec. 15-d. Illinois Renewable Fuels Biodiesel
16 Infrastructure Grant Program. The Department shall establish
17 and administer the Illinois Renewable Fuels Biodiesel
18 Infrastructure Grant Program to provide assistance to fuel
19 distribution facilities in Illinois to construct, expand, and
20 maintain the necessary infrastructure to provide biodiesel to
21 the consumer market.

22 (20 ILCS 689/15-e new)

23 Sec. 15-e. Illinois Renewable Fuels Ethanol Development
24 Intergovernmental Assistance Program. The Department shall
25 establish and administer the Illinois Renewable Fuels Ethanol
26 Development Intergovernmental Assistance Program to provide
27 grant assistance to the Illinois Environmental Protection
28 Agency for each ethanol facility that applies for a permit
29 under Section 9.6 of the Environmental Protection Act. The
30 grant shall be limited to \$100,000 for each ethanol facility
31 permit processed annually.

32 (20 ILCS 689/20)

1 Sec. 20. Grants. Subject to appropriation ~~from the Build~~
2 ~~Illinois Bond Fund~~, the Director is authorized to award
3 Renewable Fuels Development Program Fund grants to eligible
4 applicants. The annual aggregate amount of grants for:

5 (a) the Illinois Renewable Fuels Program awarded shall not
6 exceed \$25,000,000 in each of Fiscal Years 2007 and 2008 and
7 \$15,000,000 thereafter. For the purposes of this subsection
8 (a): in Fiscal Year 2007 and 2008 70% of annual grant funds
9 shall be used for ethanol facilities and 30% shall be used for
10 for bio-diesel facilities, and in Fiscal Year 2009 and
11 thereafter, no more than \$5,000,000 annually shall be used for
12 bio-diesel facilities. If in any one year the Department
13 determines that there are not sufficient proposed facilities
14 for ethanol or bio-diesel facilities to use the maximum grant
15 funds available as specified above for the category of
16 facility, the Department shall be able to use the appropriated
17 grant funds for the other category of facility.

18 (b) the Illinois Renewable Fuels Majority Blended Ethanol
19 Program shall not exceed \$3,000,000 annually;

20 (c) the Illinois Corn Grain to Fuel Research Consortium
21 Assistance Program shall not exceed \$3,000,000 annually;

22 (d) the Illinois Renewable Fuels Corn-to-Hydrogen Fuel
23 Cell Research Program shall not exceed \$1,000,000 annually;

24 (e) the Illinois Renewable Fuels Biodiesel Infrastructure
25 Grant Program shall not exceed \$500,000 annually;

26 (f) the Illinois Renewable Fuels Ethanol Development
27 Intergovernmental Assistance Program shall not exceed \$500,000
28 annually;

29 (g) research conducted at the National Corn to Ethanol
30 Research Facility at Southern Illinois University -
31 Edwardsville shall not exceed \$1,000,000 annually; and

32 (h) a one-time grant in FY 2007 not to exceed \$3,000,000
33 for construction, remodeling, and expansion of the National
34 Corn-to-Ethanol Research Facility at Southern Illinois
35 University - Edwardsville.

36 (Source: P.A. 93-15, eff. 6-11-03; 93-618, eff. 12-11-03.)

1 (20 ILCS 689/20-a new)

2 Sec. 20-a. Normal operating and execution of renewable
3 fuels programs in existence on January 1, 2006 within the
4 Department from the Renewable Fuels Development Program Fund
5 shall not exceed \$5,000,000 annually.

6 Section 10. The State Finance Act is amended by changing
7 Sections 5.663 and 8h and by adding Section 6z-70 as follows:

8 (30 ILCS 105/5.663 new)

9 Sec. 5.663. The Renewable Fuels Development Program Fund.

10 (30 ILCS 105/6z-70 new)

11 Sec. 6z-70. Renewable Fuels Development Program Fund. The
12 Renewable Fuels Development Program Fund is created as a
13 special fund in the State treasury. Moneys in the fund may be
14 used by the Department of Commerce and Economic Opportunity,
15 subject to appropriation, for the Illinois Renewable Fuels
16 Program, the Illinois Renewable Fuels Majority Blended Ethanol
17 Program, the Illinois Corn Grain to Fuel Research Consortium
18 Assistance Program, the Illinois Renewable Fuels
19 Corn-to-Hydrogen Fuel Cell Research Program, the Illinois
20 Renewable Fuels Biodiesel Infrastructure Grant Program, the
21 Illinois Renewable Fuels Ethanol Development Intergovernmental
22 Assistance Program, the National Corn-to-Ethanol Research
23 Facility at Southern Illinois University - Edwardsville, and
24 other renewable fuel programs as contained in Section 20 of the
25 Illinois Renewable Fuels Development Program Act.

26 Moneys received for the purpose of this Section, including,
27 without limitation, fund transfers, gifts, grants, and awards
28 from any public or private entity, must be deposited into the
29 Fund. Any interest earned on moneys in the Fund must be
30 deposited into the Fund.

31 The State Comptroller and State Treasurer shall
32 automatically transfer on the last day of each month, beginning

1 on July 30, 2006, from the General Revenue Fund to the
 2 Renewable Fuels Development Program Fund, an amount equal to
 3 1/12 of the amount set forth below in each of the specified
 4 fiscal years:

5 <u>Fiscal Year</u>	<u>Amount</u>
6 <u>2007</u>	<u>\$42,000,000</u>
7 <u>2008</u>	<u>\$39,000,000</u>
8 <u>2009 through 2016</u>	<u>\$29,000,000</u>

9 There shall be deposited into the Renewable Fuels
 10 Development Program Fund such bond proceeds and other moneys as
 11 may, from time to time, be provided by law.

12 (30 ILCS 105/8h)

13 Sec. 8h. Transfers to General Revenue Fund.

14 (a) Except as provided in subsection (b), notwithstanding
 15 any other State law to the contrary, the Governor may, through
 16 June 30, 2007, from time to time direct the State Treasurer and
 17 Comptroller to transfer a specified sum from any fund held by
 18 the State Treasurer to the General Revenue Fund in order to
 19 help defray the State's operating costs for the fiscal year.
 20 The total transfer under this Section from any fund in any
 21 fiscal year shall not exceed the lesser of (i) 8% of the
 22 revenues to be deposited into the fund during that fiscal year
 23 or (ii) an amount that leaves a remaining fund balance of 25%
 24 of the July 1 fund balance of that fiscal year. In fiscal year
 25 2005 only, prior to calculating the July 1, 2004 final
 26 balances, the Governor may calculate and direct the State
 27 Treasurer with the Comptroller to transfer additional amounts
 28 determined by applying the formula authorized in Public Act
 29 93-839 to the funds balances on July 1, 2003. No transfer may
 30 be made from a fund under this Section that would have the
 31 effect of reducing the available balance in the fund to an
 32 amount less than the amount remaining unexpended and unreserved
 33 from the total appropriation from that fund estimated to be
 34 expended for that fiscal year. This Section does not apply to
 35 any funds that are restricted by federal law to a specific use,

1 to any funds in the Motor Fuel Tax Fund, the Intercity
2 Passenger Rail Fund, the Hospital Provider Fund, the Medicaid
3 Provider Relief Fund, the Teacher Health Insurance Security
4 Fund, the Reviewing Court Alternative Dispute Resolution Fund,
5 ~~or~~ the Voters' Guide Fund, the Foreign Language Interpreter
6 Fund, the Lawyers' Assistance Program Fund, the Supreme Court
7 Federal Projects Fund, the Supreme Court Special State Projects
8 Fund, ~~or~~ the Low-Level Radioactive Waste Facility Development
9 and Operation Fund, or the Hospital Basic Services Preservation
10 Fund, or to any funds to which subsection (f) of Section 20-40
11 of the Nursing and Advanced Practice Nursing Act applies. No
12 transfers may be made under this Section from the Pet
13 Population Control Fund. Notwithstanding any other provision
14 of this Section, for fiscal year 2004, the total transfer under
15 this Section from the Road Fund or the State Construction
16 Account Fund shall not exceed the lesser of (i) 5% of the
17 revenues to be deposited into the fund during that fiscal year
18 or (ii) 25% of the beginning balance in the fund. For fiscal
19 year 2005 through fiscal year 2007, no amounts may be
20 transferred under this Section from the Road Fund, the State
21 Construction Account Fund, the Criminal Justice Information
22 Systems Trust Fund, the Wireless Service Emergency Fund, or the
23 Mandatory Arbitration Fund.

24 In determining the available balance in a fund, the
25 Governor may include receipts, transfers into the fund, and
26 other resources anticipated to be available in the fund in that
27 fiscal year.

28 The State Treasurer and Comptroller shall transfer the
29 amounts designated under this Section as soon as may be
30 practicable after receiving the direction to transfer from the
31 Governor.

32 (b) This Section does not apply to: (i) the Ticket For The
33 Cure Fund; (ii) ~~or to~~ any fund established under the Community
34 Senior Services and Resources Act; or (iii) ~~(ii)~~ on or after
35 January 1, 2006 (the effective date of Public Act 94-511) ~~this~~
36 ~~amendatory Act of the 94th General Assembly,~~ the Child Labor

1 and Day and Temporary Labor Enforcement Fund.

2 (c) This Section does not apply to the Demutualization
3 Trust Fund established under the Uniform Disposition of
4 Unclaimed Property Act.

5 (d) This Section does not apply to the Renewable Fuels
6 Development Program Fund.

7 (Source: P.A. 93-32, eff. 6-20-03; 93-659, eff. 2-3-04; 93-674,
8 eff. 6-10-04; 93-714, eff. 7-12-04; 93-801, eff. 7-22-04;
9 93-839, eff. 7-30-04; 93-1054, eff. 11-18-04; 93-1067, eff.
10 1-15-05; 94-91, eff. 7-1-05; 94-120, eff. 7-6-05; 94-511, eff.
11 1-1-06; 94-535, eff. 8-10-05; 94-639, eff. 8-22-05; 94-645,
12 eff. 8-22-05; 94-648, eff. 1-1-06; 94-686, eff. 11-2-05;
13 94-691, eff. 11-2-05; revised 11-15-05.)

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

16 (35 ILCS 105/3-10) (from Ch. 120, par. 439.3-10)

17 Sec. 3-10. Rate of tax. Unless otherwise provided in this
18 Section, the tax imposed by this Act is at the rate of 6.25% of
19 either the selling price or the fair market value, if any, of
20 the tangible personal property. In all cases where property
21 functionally used or consumed is the same as the property that
22 was purchased at retail, then the tax is imposed on the selling
23 price of the property. In all cases where property functionally
24 used or consumed is a by-product or waste product that has been
25 refined, manufactured, or produced from property purchased at
26 retail, then the tax is imposed on the lower of the fair market
27 value, if any, of the specific property so used in this State
28 or on the selling price of the property purchased at retail.
29 For purposes of this Section "fair market value" means the
30 price at which property would change hands between a willing
31 buyer and a willing seller, neither being under any compulsion
32 to buy or sell and both having reasonable knowledge of the
33 relevant facts. The fair market value shall be established by
34 Illinois sales by the taxpayer of the same property as that

1 functionally used or consumed, or if there are no such sales by
2 the taxpayer, then comparable sales or purchases of property of
3 like kind and character in Illinois.

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, the tax imposed by this Act
9 applies to (i) 70% of the proceeds of sales made on or after
10 January 1, 1990, and before July 1, 2003, (ii) 80% of the
11 proceeds of sales made on or after July 1, 2003 and on or
12 before June 30, 2006 ~~December 31, 2013~~, (iii) 90% of the
13 proceeds of sales made on or after July 1, 2006 and on or
14 before June 30, 2016 and (iv) ~~(iii)~~ 100% of the proceeds of
15 sales made thereafter. If, at any time, however, the tax under
16 this Act on sales of gasohol is imposed at the rate of 1.25%,
17 then the tax imposed by this Act applies to 100% of the
18 proceeds of sales of gasohol made during that time.

19 With respect to majority blended ethanol fuel, the tax
20 imposed by this Act does not apply to the proceeds of sales
21 made on or after July 1, 2003 and on or before December 31,
22 2013 but applies to 100% of the proceeds of sales made
23 thereafter.

24 With respect to biodiesel blends with no less than 1% and
25 no more than 10% biodiesel, the tax imposed by this Act applies
26 to (i) 80% of the proceeds of sales made on or after July 1,
27 2003 and on or before December 31, 2013 and (ii) 100% of the
28 proceeds of sales made thereafter. If, at any time, however,
29 the tax under this Act on sales of biodiesel blends with no
30 less than 1% and no more than 10% biodiesel is imposed at the
31 rate of 1.25%, then the tax imposed by this Act applies to 100%
32 of the proceeds of sales of biodiesel blends with no less than
33 1% and no more than 10% biodiesel made during that time.

34 With respect to 100% biodiesel and biodiesel blends with
35 more than 10% but no more than 99% biodiesel, the tax imposed
36 by this Act does not apply to the proceeds of sales made on or

1 after July 1, 2003 and on or before December 31, 2013 but
2 applies to 100% of the proceeds of sales made thereafter.

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

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

29 If the property that is purchased at retail from a retailer
30 is acquired outside Illinois and used outside Illinois before
31 being brought to Illinois for use here and is taxable under
32 this Act, the "selling price" on which the tax is computed
33 shall be reduced by an amount that represents a reasonable
34 allowance for depreciation for the period of prior out-of-state
35 use.

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

1 Section 20. The Service Use Tax Act is amended by changing
2 Section 3-10 as follows:

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

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

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

14 With respect to gasohol, as defined in the Use Tax Act, the
15 tax imposed by this Act applies to (i) 70% of the selling price
16 of property transferred as an incident to the sale of service
17 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
18 of the selling price of property transferred as an incident to
19 the sale of service on or after July 1, 2003 and on or before
20 June 30, 2006 ~~December 31, 2013~~, (iii) 90% of the proceeds of
21 sales made on or after July 1, 2006 and on or before June 30,
22 2016 and (iv) ~~(iii)~~ 100% of the selling price thereafter. If,
23 at any time, however, the tax under this Act on sales of
24 gasohol, as defined in the Use Tax Act, is imposed at the rate
25 of 1.25%, then the tax imposed by this Act applies to 100% of
26 the proceeds of sales of gasohol made during that time.

27 With respect to majority blended ethanol fuel, as defined
28 in the Use Tax Act, the tax imposed by this Act does not apply
29 to the selling price of property transferred as an incident to
30 the sale of service on or after July 1, 2003 and on or before
31 December 31, 2013 but applies to 100% of the selling price
32 thereafter.

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

1 tax imposed by this Act applies to (i) 80% of the selling price
2 of property transferred as an incident to the sale of service
3 on or after July 1, 2003 and on or before December 31, 2013 and
4 (ii) 100% of the proceeds of the selling price thereafter. If,
5 at any time, however, the tax under this Act on sales of
6 biodiesel blends, as defined in the Use Tax Act, with no less
7 than 1% and no more than 10% biodiesel is imposed at the rate
8 of 1.25%, then the tax imposed by this Act applies to 100% of
9 the proceeds of sales of biodiesel blends with no less than 1%
10 and no more than 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, the tax imposed
14 by this Act does not apply to the proceeds of the selling price
15 of property transferred as an incident to the sale of service
16 on or after July 1, 2003 and on or before December 31, 2013 but
17 applies to 100% of the selling price thereafter.

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

28 The tax shall be imposed at the rate of 1% on food prepared
29 for immediate consumption and transferred incident to a sale of
30 service subject to this Act or the Service Occupation Tax Act
31 by an entity licensed under the Hospital Licensing Act, the
32 Nursing Home Care Act, or the Child Care Act of 1969. The tax
33 shall also be imposed at the rate of 1% on food for human
34 consumption that is to be consumed off the premises where it is
35 sold (other than alcoholic beverages, soft drinks, and food
36 that has been prepared for immediate consumption and is not

1 otherwise included in this paragraph) and prescription and
2 nonprescription medicines, drugs, medical appliances,
3 modifications to a motor vehicle for the purpose of rendering
4 it usable by a disabled person, and insulin, urine testing
5 materials, syringes, and needles used by diabetics, for human
6 use. For the purposes of this Section, the term "soft drinks"
7 means any complete, finished, ready-to-use, non-alcoholic
8 drink, whether carbonated or not, including but not limited to
9 soda water, cola, fruit juice, vegetable juice, carbonated
10 water, and all other preparations commonly known as soft drinks
11 of whatever kind or description that are contained in any
12 closed or sealed bottle, can, carton, or container, regardless
13 of size. "Soft drinks" does not include coffee, tea,
14 non-carbonated water, infant formula, milk or milk products as
15 defined in the Grade A Pasteurized Milk and Milk Products Act,
16 or drinks containing 50% or more natural fruit or vegetable
17 juice.

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

24 If the property that is acquired from a serviceman is
25 acquired outside Illinois and used outside Illinois before
26 being brought to Illinois for use here and is taxable under
27 this Act, the "selling price" on which the tax is computed
28 shall be reduced by an amount that represents a reasonable
29 allowance for depreciation for the period of prior out-of-state
30 use.

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

32 Section 25. The Service Occupation Tax Act is amended by
33 changing Section 3-10 as follows:

34 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

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

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

23 With respect to gasohol, as defined in the Use Tax Act, the
24 tax imposed by this Act shall apply to (i) 70% of the cost
25 price of property transferred as an incident to the sale of
26 service on or after January 1, 1990, and before July 1, 2003,
27 (ii) 80% of the selling price of property transferred as an
28 incident to the sale of service on or after July 1, 2003 and on
29 or before June 30, 2006 ~~December 31, 2013~~, (iii) 90% of the
30 proceeds of sales made on or after July 1, 2006 and on or
31 before June 30, 2016 and (iv) ~~(iii)~~ 100% of the cost price
32 thereafter. If, at any time, however, the tax under this Act on
33 sales of gasohol, as defined in the Use Tax Act, is imposed at
34 the rate of 1.25%, then the tax imposed by this Act applies to
35 100% of the proceeds of sales of gasohol made during that time.

36 With respect to majority blended ethanol fuel, as defined

1 in the Use Tax Act, the tax imposed by this Act does not apply
2 to the selling price of property transferred as an incident to
3 the sale of service on or after July 1, 2003 and on or before
4 December 31, 2013 but applies to 100% of the selling price
5 thereafter.

6 With respect to biodiesel blends, as defined in the Use Tax
7 Act, with no less than 1% and no more than 10% biodiesel, the
8 tax imposed by this Act applies to (i) 80% of the selling price
9 of property transferred as an incident to the sale of service
10 on or after July 1, 2003 and on or before December 31, 2013 and
11 (ii) 100% of the proceeds of the selling price thereafter. If,
12 at any time, however, the tax under this Act on sales of
13 biodiesel blends, as defined in the Use Tax Act, with no less
14 than 1% and no more than 10% biodiesel is imposed at the rate
15 of 1.25%, then the tax imposed by this Act applies to 100% of
16 the proceeds of sales of biodiesel blends with no less than 1%
17 and no more than 10% biodiesel made during that time.

18 With respect to 100% biodiesel, as defined in the Use Tax
19 Act, and biodiesel blends, as defined in the Use Tax Act, with
20 more than 10% but no more than 99% biodiesel material, the tax
21 imposed by this Act does not apply to the proceeds of the
22 selling price of property transferred as an incident to the
23 sale of service on or after July 1, 2003 and on or before
24 December 31, 2013 but applies to 100% of the selling price
25 thereafter.

26 At the election of any registered serviceman made for each
27 fiscal year, sales of service in which the aggregate annual
28 cost price of tangible personal property transferred as an
29 incident to the sales of service is less than 35%, or 75% in
30 the case of servicemen transferring prescription drugs or
31 servicemen engaged in graphic arts production, of the aggregate
32 annual total gross receipts from all sales of service, the tax
33 imposed by this Act shall be based on the serviceman's cost
34 price of the tangible personal property transferred incident to
35 the sale of those services.

36 The tax shall be imposed at the rate of 1% on food prepared

1 for immediate consumption and transferred incident to a sale of
2 service subject to this Act or the Service Occupation Tax Act
3 by an entity licensed under the Hospital Licensing Act, the
4 Nursing Home Care Act, or the Child Care Act of 1969. The tax
5 shall also be imposed at the rate of 1% on food for human
6 consumption that is to be consumed off the premises where it is
7 sold (other than alcoholic beverages, soft drinks, and food
8 that has been prepared for immediate consumption and is not
9 otherwise included in this paragraph) 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. For the purposes of this Section, the term "soft drinks"
15 means any complete, finished, ready-to-use, non-alcoholic
16 drink, whether carbonated or not, including but not limited to
17 soda water, cola, fruit juice, vegetable juice, carbonated
18 water, and all other preparations commonly known as soft drinks
19 of whatever kind or description that are contained in any
20 closed or sealed can, carton, or container, regardless of size.
21 "Soft drinks" does not include coffee, tea, non-carbonated
22 water, infant formula, milk or milk products as defined in the
23 Grade A Pasteurized Milk and Milk Products Act, or drinks
24 containing 50% or more natural fruit or vegetable juice.

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

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

32 Section 30. The Retailers' Occupation Tax Act is amended by
33 changing Section 2-10 as follows:

34 (35 ILCS 120/2-10) (from Ch. 120, par. 441-10)

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

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

24 With respect to gasohol, as defined in the Use Tax Act, the
25 tax imposed by this Act applies to (i) 70% of the proceeds of
26 sales made on or after January 1, 1990, and before July 1,
27 2003, (ii) 80% of the proceeds of sales made on or after July
28 1, 2003 and on or before June 30, 2006 ~~December 31, 2013~~, (iii)
29 90% of the proceeds of sales made on or after July 1, 2006 and
30 on or before June 30, 2016 and (iv) ~~(iii)~~ 100% of the proceeds
31 of sales made thereafter. If, at any time, however, the tax
32 under this Act on sales of gasohol, as defined in the Use Tax
33 Act, is imposed at the rate of 1.25%, then the tax imposed by
34 this Act applies to 100% of the proceeds of sales of gasohol
35 made during that time.

36 With respect to majority blended ethanol fuel, as defined

1 in the Use Tax Act, the tax imposed by this Act does not apply
2 to the proceeds of sales made on or after July 1, 2003 and on or
3 before December 31, 2013 but applies to 100% of the proceeds of
4 sales made thereafter.

5 With respect to biodiesel blends, as defined in the Use Tax
6 Act, with no less than 1% and no more than 10% biodiesel, the
7 tax imposed by this Act applies to (i) 80% of the proceeds of
8 sales made on or after July 1, 2003 and on or before December
9 31, 2013 and (ii) 100% of the proceeds of sales made
10 thereafter. If, at any time, however, the tax under this Act on
11 sales of biodiesel blends, as defined in the Use Tax Act, with
12 no less than 1% and no more than 10% biodiesel 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 biodiesel blends with no less
15 than 1% and no more than 10% biodiesel made during that time.

16 With respect to 100% biodiesel, as defined in the Use Tax
17 Act, and biodiesel blends, as defined in the Use Tax Act, with
18 more than 10% but no more than 99% biodiesel, the tax imposed
19 by this Act does not apply to the proceeds of sales made on or
20 after July 1, 2003 and on or before December 31, 2013 but
21 applies to 100% of the proceeds of sales made thereafter.

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

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

6 Notwithstanding any other provisions of this Act, "food for
7 human consumption that is to be consumed off the premises where
8 it is sold" includes all food sold through a vending machine,
9 except soft drinks and food products that are dispensed hot
10 from a vending machine, regardless of the location of the
11 vending machine.

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

13 Section 35. The Motor Fuel and Petroleum Standards Act is
14 amended by adding Section 4.5 as follows:

15 (815 ILCS 370/4.5 new)

16 Sec. 4.5. Renewable Fuels Standard. Beginning January 1,
17 2008 and notwithstanding any other provisions of law, a minimum
18 of 10% of all motor fuel sold or offered for sale in Illinois
19 must be denatured ethanol. Beginning January 1, 2012 a minimum
20 of 15% of all motor fuel sold or offered for sale in Illinois
21 must be denatured ethanol.

22 Section 99. Effective date. This Act takes effect July 1,
23 2006.

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