

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, 20-a, and 35  
7 as 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 "Denatured ethanol" means an agriculturally derived ethyl  
21 alcohol for blending with gasolines for use as automotive  
22 spark-ignition engine fuel.

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

27 "Director" means the Director of Commerce and Economic  
28 Opportunity ~~Community Affairs~~.

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

32 "Fuel" means fuel as defined in Section 1.19 of the Motor

1 Fuel Tax Law.

2 "Gasohol" means motor fuel that is no more than 90%  
3 gasoline and at least 10% denatured ethanol that contains no  
4 more than 1.25% water by weight.

5 "Gasoline" means all products commonly or commercially  
6 known or sold as gasoline (including casing head and absorption  
7 or natural gasoline).

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

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

15 "Majority blended ethanol fuel" means motor fuel that  
16 contains no less than 70% and no more than 90% denatured  
17 ethanol and no less than 10% and no more than 30% gasoline.

18 "Motor vehicles" means motor vehicles as defined in the  
19 Illinois Vehicle Code and watercraft propelled by an internal  
20 combustion engine.

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

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

32 "Renewable fuel" means ethanol, gasohol, majority blended  
33 ethanol fuel, biodiesel blend fuel, and biodiesel.

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

1 (20 ILCS 689/15)

2 Sec. 15. Illinois Renewable Fuels Development Program.

3 (a) The Department must develop and administer the Illinois  
4 Renewable Fuels Development Program to assist in the  
5 construction, modification, alteration, or retrofitting of  
6 renewable fuel plants in Illinois. The recipient of a grant  
7 under this Section must:

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

10 (2) be constructing, modifying, altering, or  
11 retrofitting (i) an ethanol ~~a~~ plant that has annual  
12 production capacity of no less than 30,000,000 gallons of  
13 renewable fuel per year or (ii) a biodiesel plant; and

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

16 (b) Grant applications must be made on forms provided by  
17 and in accordance with procedures established by the  
18 Department.

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

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

24 (20 ILCS 689/15-a new)

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

30 (20 ILCS 689/15-b new)

31 Sec. 15-b. Illinois Corn Grain to Fuel Research Consortium  
32 Assistance Program. The Department shall develop and  
33 administer a grant program to assist members of the Illinois  
34 Corn Grain to Fuel Research Consortium in research and support

1 efforts on behalf of corn kernel to fuel alcohol and value  
2 added co-products. The Department shall solicit proposals for  
3 funding if they provide for research in the Consortium member's  
4 own laboratories, for research collaborations among Consortium  
5 members, or for members outside the Consortium conducting pilot  
6 testing at the National Corn-to-Ethanol Research Center.  
7 Preference will be given to projects in partnership with  
8 industry or for project pilot scale demonstration that advance  
9 Illinois leadership in the development of a bio-based economy.

10 (20 ILCS 689/15-c new)

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

17 (20 ILCS 689/15-d new)

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

25 (20 ILCS 689/15-e new)

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

1 permit processed annually.

2 (20 ILCS 689/20)

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

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

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

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

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

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

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

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

34 (h) a one-time grant in FY 2007 not to exceed \$3,000,000  
35 for construction, remodeling, and expansion of the National

1 Corn-to-Ethanol Research Facility at Southern Illinois  
2 University - Edwardsville.

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

4 (20 ILCS 689/20-a new)

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

9 (20 ILCS 689/35 new)

10 Sec. 35. Renewable Fuels Standard.

11 (a) Illinois has a long-standing policy of promoting the  
12 research, development, and usage of alternative transportation  
13 fuels. This policy shall encourage alternative fuel  
14 development through a combination of market-based loans,  
15 incentives, and promotions. The success of these programs is  
16 indicated by Illinois becoming and remaining the leader in the  
17 usage of alternative fuels.

18 (b) Beginning January 1, 2008, and notwithstanding any  
19 other provision of law, denatured ethanol used as a blending  
20 agent to produce gasohol or majority blended ethanol in  
21 Illinois for the current fiscal year must equate to a minimum  
22 of 10% of all taxable gasoline sold in Illinois during the  
23 previous fiscal year.

24 (c) Beginning January 1, 2012, it shall be the goal of the  
25 State of Illinois that denatured ethanol used as a blending  
26 agent to produce gasohol or majority blended ethanol in  
27 Illinois for the current fiscal year shall equate to a minimum  
28 of 15% of all taxable gasoline sold in Illinois during the  
29 previous fiscal year.

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

32 (30 ILCS 105/5.663 new)

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

2           (30 ILCS 105/6z-70 new)

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

18       Moneys received for the purpose of this Section, including,  
 19 without limitation, fund transfers, gifts, grants, and awards  
 20 from any public or private entity, must be deposited into the  
 21 Fund. Any interest earned on moneys in the Fund must be  
 22 deposited into the Fund.

23       The State Comptroller and State Treasurer shall  
 24 automatically transfer on the last day of each month, beginning  
 25 on July 30, 2006, from the General Revenue Fund to the  
 26 Renewable Fuels Development Program Fund, an amount equal to  
 27 1/12 of the amount set forth below in each of the specified  
 28 fiscal years:

<u>Fiscal Year</u>	<u>Amount</u>
29 <u>2007</u>	<u>\$42,000,000</u>
30 <u>2008</u>	<u>\$39,000,000</u>
31 <u>2009 through 2016</u>	<u>\$29,000,000</u>

32       There shall be deposited into the Renewable Fuels  
 33 Development Program Fund such bond proceeds and other moneys as  
 34 may, from time to time, be provided by law.  
 35

1 (30 ILCS 105/8h)

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

3 (a) Except as provided in subsection (b), notwithstanding  
4 any other State law to the contrary, the Governor may, through  
5 June 30, 2007, from time to time direct the State Treasurer and  
6 Comptroller to transfer a specified sum from any fund held by  
7 the State Treasurer to the General Revenue Fund in order to  
8 help defray the State's operating costs for the fiscal year.  
9 The total transfer under this Section from any fund in any  
10 fiscal year shall not exceed the lesser of (i) 8% of the  
11 revenues to be deposited into the fund during that fiscal year  
12 or (ii) an amount that leaves a remaining fund balance of 25%  
13 of the July 1 fund balance of that fiscal year. In fiscal year  
14 2005 only, prior to calculating the July 1, 2004 final  
15 balances, the Governor may calculate and direct the State  
16 Treasurer with the Comptroller to transfer additional amounts  
17 determined by applying the formula authorized in Public Act  
18 93-839 to the funds balances on July 1, 2003. No transfer may  
19 be made from a fund under this Section that would have the  
20 effect of reducing the available balance in the fund to an  
21 amount less than the amount remaining unexpended and unreserved  
22 from the total appropriation from that fund estimated to be  
23 expended for that fiscal year. This Section does not apply to  
24 any funds that are restricted by federal law to a specific use,  
25 to any funds in the Motor Fuel Tax Fund, the Intercity  
26 Passenger Rail Fund, the Hospital Provider Fund, the Medicaid  
27 Provider Relief Fund, the Teacher Health Insurance Security  
28 Fund, the Reviewing Court Alternative Dispute Resolution Fund,  
29 ~~or~~ the Voters' Guide Fund, the Foreign Language Interpreter  
30 Fund, the Lawyers' Assistance Program Fund, the Supreme Court  
31 Federal Projects Fund, the Supreme Court Special State Projects  
32 Fund, ~~or~~ the Low-Level Radioactive Waste Facility Development  
33 and Operation Fund, or the Hospital Basic Services Preservation  
34 Fund, or to any funds to which subsection (f) of Section 20-40  
35 of the Nursing and Advanced Practice Nursing Act applies. No



1 transfers may be made under this Section from the Pet  
2 Population Control Fund. Notwithstanding any other provision  
3 of this Section, for fiscal year 2004, the total transfer under  
4 this Section from the Road Fund or the State Construction  
5 Account Fund shall not exceed the lesser of (i) 5% of the  
6 revenues to be deposited into the fund during that fiscal year  
7 or (ii) 25% of the beginning balance in the fund. For fiscal  
8 year 2005 through fiscal year 2007, no amounts may be  
9 transferred under this Section from the Road Fund, the State  
10 Construction Account Fund, the Criminal Justice Information  
11 Systems Trust Fund, the Wireless Service Emergency Fund, or the  
12 Mandatory Arbitration Fund.

13 In determining the available balance in a fund, the  
14 Governor may include receipts, transfers into the fund, and  
15 other resources anticipated to be available in the fund in that  
16 fiscal year.

17 The State Treasurer and Comptroller shall transfer the  
18 amounts designated under this Section as soon as may be  
19 practicable after receiving the direction to transfer from the  
20 Governor.

21 (b) This Section does not apply to: (i) the Ticket For The  
22 Cure Fund; (ii) ~~or to~~ any fund established under the Community  
23 Senior Services and Resources Act; or (iii) ~~(ii)~~ on or after  
24 January 1, 2006 (the effective date of Public Act 94-511) ~~this~~  
25 ~~amendatory Act of the 94th General Assembly~~, the Child Labor  
26 and Day and Temporary Labor Enforcement Fund.

27 (c) This Section does not apply to the Demutualization  
28 Trust Fund established under the Uniform Disposition of  
29 Unclaimed Property Act.

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

32 (Source: P.A. 93-32, eff. 6-20-03; 93-659, eff. 2-3-04; 93-674,  
33 eff. 6-10-04; 93-714, eff. 7-12-04; 93-801, eff. 7-22-04;  
34 93-839, eff. 7-30-04; 93-1054, eff. 11-18-04; 93-1067, eff.  
35 1-15-05; 94-91, eff. 7-1-05; 94-120, eff. 7-6-05; 94-511, eff.  
36 1-1-06; 94-535, eff. 8-10-05; 94-639, eff. 8-22-05; 94-645,

1 eff. 8-22-05; 94-648, eff. 1-1-06; 94-686, eff. 11-2-05;  
2 94-691, eff. 11-2-05; revised 11-15-05.)

3 Section 15. The Use Tax Act is amended by changing Section  
4 3-10 as follows:

5 (35 ILCS 105/3-10) (from Ch. 120, par. 439.3-10)

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

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

31 With respect to gasohol, the tax imposed by this Act  
32 applies to (i) 70% of the proceeds of sales made on or after  
33 January 1, 1990, and before July 1, 2003, (ii) 80% of the  
34 proceeds of sales made on or after July 1, 2003 and on or

1 before June 30, 2006 ~~December 31, 2013~~, (iii) 90% of the  
2 proceeds of sales made on or after July 1, 2006 and on or  
3 before June 30, 2016 and (iv) ~~(iii)~~ 100% of the proceeds of  
4 sales made thereafter. If, at any time, however, the tax under  
5 this Act on sales of gasohol is imposed at the rate of 1.25%,  
6 then the tax imposed by this Act applies to 100% of the  
7 proceeds of sales of gasohol made during that time.

8 With respect to majority blended ethanol fuel, the tax  
9 imposed by this Act does not apply to the proceeds of sales  
10 made on or after July 1, 2003 and on or before December 31,  
11 2013 but applies to 100% of the proceeds of sales made  
12 thereafter.

13 With respect to biodiesel blends with no less than 1% and  
14 no more than 10% biodiesel, the tax imposed by this Act applies  
15 to (i) 80% of the proceeds of sales made on or after July 1,  
16 2003 and on or before December 31, 2013 and (ii) 100% of the  
17 proceeds of sales made thereafter. If, at any time, however,  
18 the tax under this Act on sales of biodiesel blends with no  
19 less than 1% and no more than 10% biodiesel is imposed at the  
20 rate of 1.25%, then the tax imposed by this Act applies to 100%  
21 of the proceeds of sales of biodiesel blends with no less than  
22 1% and no more than 10% biodiesel made during that time.

23 With respect to 100% biodiesel and biodiesel blends with  
24 more than 10% but no more than 99% biodiesel, the tax imposed  
25 by this Act does not apply to the proceeds of sales made on or  
26 after July 1, 2003 and on or before December 31, 2013 but  
27 applies to 100% of the proceeds of sales made thereafter.

28 With respect to food for human consumption that is to be  
29 consumed off the premises where it is sold (other than  
30 alcoholic beverages, soft drinks, and food that has been  
31 prepared for immediate consumption) and prescription and  
32 nonprescription medicines, drugs, medical appliances,  
33 modifications to a motor vehicle for the purpose of rendering  
34 it usable by a disabled person, and insulin, urine testing  
35 materials, syringes, and needles used by diabetics, for human  
36 use, the tax is imposed at the rate of 1%. For the purposes of

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

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

18 If the property that is purchased at retail from a retailer  
19 is acquired outside Illinois and used outside Illinois before  
20 being brought to Illinois for use here and is taxable under  
21 this Act, the "selling price" on which the tax is computed  
22 shall be reduced by an amount that represents a reasonable  
23 allowance for depreciation for the period of prior out-of-state  
24 use.

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

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

28 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

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

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

5 With respect to gasohol, as defined in the Use Tax Act, the  
6 tax imposed by this Act applies to (i) 70% of the selling price  
7 of property transferred as an incident to the sale of service  
8 on or after January 1, 1990, and before July 1, 2003, (ii) 80%  
9 of the selling price of property transferred as an incident to  
10 the sale of service on or after July 1, 2003 and on or before  
11 June 30, 2006 ~~December 31, 2013~~, (iii) 90% of the proceeds of  
12 sales made on or after July 1, 2006 and on or before June 30,  
13 2016 and (iv) (iii) 100% of the selling price thereafter. If,  
14 at any time, however, the tax under this Act on sales of  
15 gasohol, as defined in the Use Tax Act, is imposed at the rate  
16 of 1.25%, then the tax imposed by this Act applies to 100% of  
17 the proceeds of sales of gasohol made during that time.

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

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

36 With respect to 100% biodiesel, as defined in the Use Tax

1 Act, and biodiesel blends, as defined in the Use Tax Act, with  
2 more than 10% but no more than 99% biodiesel, the tax imposed  
3 by this Act does not apply to the proceeds of the selling price  
4 of property transferred as an incident to the sale of service  
5 on or after July 1, 2003 and on or before December 31, 2013 but  
6 applies to 100% of the selling price thereafter.

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

17 The tax shall be imposed at the rate of 1% on food prepared  
18 for immediate consumption and transferred incident to a sale of  
19 service subject to this Act or the Service Occupation Tax Act  
20 by an entity licensed under the Hospital Licensing Act, the  
21 Nursing Home Care Act, or the Child Care Act of 1969. The tax  
22 shall also be imposed at the rate of 1% on food for human  
23 consumption that is to be consumed off the premises where it is  
24 sold (other than alcoholic beverages, soft drinks, and food  
25 that has been prepared for immediate consumption and is not  
26 otherwise included in this paragraph) and prescription and  
27 nonprescription medicines, drugs, medical appliances,  
28 modifications to a motor vehicle for the purpose of rendering  
29 it usable by a disabled person, and insulin, urine testing  
30 materials, syringes, and needles used by diabetics, for human  
31 use. For the purposes of this Section, the term "soft drinks"  
32 means any complete, finished, ready-to-use, non-alcoholic  
33 drink, whether carbonated or not, including but not limited to  
34 soda water, cola, fruit juice, vegetable juice, carbonated  
35 water, and all other preparations commonly known as soft drinks  
36 of whatever kind or description that are contained in any

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

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

13 If the property that is acquired from a serviceman is  
14 acquired outside Illinois and used outside Illinois before  
15 being brought to Illinois for use here and is taxable under  
16 this Act, the "selling price" on which the tax is computed  
17 shall be reduced by an amount that represents a reasonable  
18 allowance for depreciation for the period of prior out-of-state  
19 use.

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

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

23 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

24 Sec. 3-10. Rate of tax. Unless otherwise provided in this  
25 Section, the tax imposed by this Act is at the rate of 6.25% of  
26 the "selling price", as defined in Section 2 of the Service Use  
27 Tax Act, of the tangible personal property. For the purpose of  
28 computing this tax, in no event shall the "selling price" be  
29 less than the cost price to the serviceman of the tangible  
30 personal property transferred. The selling price of each item  
31 of tangible personal property transferred as an incident of a  
32 sale of service may be shown as a distinct and separate item on  
33 the serviceman's billing to the service customer. If the  
34 selling price is not so shown, the selling price of the

1 tangible personal property is deemed to be 50% of the  
2 serviceman's entire billing to the service customer. When,  
3 however, a serviceman contracts to design, develop, and produce  
4 special order machinery or equipment, the tax imposed by this  
5 Act shall be based on the serviceman's cost price of the  
6 tangible personal property transferred incident to the  
7 completion of the contract.

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

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

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

31 With respect to biodiesel blends, as defined in the Use Tax  
32 Act, with no less than 1% and no more than 10% biodiesel, the  
33 tax imposed by this Act applies to (i) 80% of the selling price  
34 of property transferred as an incident to the sale of service  
35 on or after July 1, 2003 and on or before December 31, 2013 and  
36 (ii) 100% of the proceeds of the selling price thereafter. If,



1 at any time, however, the tax under this Act on sales of  
2 biodiesel blends, as defined in the Use Tax Act, with no less  
3 than 1% and no more than 10% biodiesel is imposed at the rate  
4 of 1.25%, then the tax imposed by this Act applies to 100% of  
5 the proceeds of sales of biodiesel blends with no less than 1%  
6 and no more than 10% biodiesel made during that time.

7 With respect to 100% biodiesel, as defined in the Use Tax  
8 Act, and biodiesel blends, as defined in the Use Tax Act, with  
9 more than 10% but no more than 99% biodiesel material, the tax  
10 imposed by this Act does not apply to the proceeds of the  
11 selling price of property transferred as an incident to the  
12 sale of service on or after July 1, 2003 and on or before  
13 December 31, 2013 but applies to 100% of the selling price  
14 thereafter.

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

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

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

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

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

21 Section 30. The Retailers' Occupation Tax Act is amended by  
22 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 this  
25 Section, the tax imposed by this Act is at the rate of 6.25% of  
26 gross receipts from sales of tangible personal property made in  
27 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 of  
31 the Use Tax Act, the tax is imposed at the rate of 1.25%.

32 Within 14 days after the effective date of this amendatory  
33 Act of the 91st General Assembly, each retailer of motor fuel  
34 and gasohol shall cause the following notice to be posted in a

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

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

25 With respect to majority blended ethanol fuel, as defined  
26 in the Use Tax Act, the tax imposed by this Act does not apply  
27 to the proceeds of sales made on or after July 1, 2003 and on or  
28 before December 31, 2013 but applies to 100% of the proceeds of  
29 sales made thereafter.

30 With respect to biodiesel blends, as defined in the Use Tax  
31 Act, with no less than 1% and no more than 10% biodiesel, the  
32 tax imposed by this Act applies to (i) 80% of the proceeds of  
33 sales made on or after July 1, 2003 and on or before December  
34 31, 2013 and (ii) 100% of the proceeds of sales made  
35 thereafter. If, at any time, however, the tax under this Act on  
36 sales of biodiesel blends, as defined in the Use Tax Act, with

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

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

11 With respect to food for human consumption that is to be  
12 consumed off the premises where it is sold (other than  
13 alcoholic beverages, soft drinks, and food that has been  
14 prepared for immediate consumption) and prescription and  
15 nonprescription medicines, drugs, medical appliances,  
16 modifications to a motor vehicle for the purpose of rendering  
17 it usable by a disabled person, and insulin, urine testing  
18 materials, syringes, and needles used by diabetics, for human  
19 use, the tax is imposed at the rate of 1%. For the purposes of  
20 this Section, the term "soft drinks" means any complete,  
21 finished, ready-to-use, non-alcoholic drink, whether  
22 carbonated or not, including but not limited to soda water,  
23 cola, fruit juice, vegetable juice, carbonated water, and all  
24 other preparations commonly known as soft drinks of whatever  
25 kind or description that are contained in any closed or sealed  
26 bottle, can, carton, or container, regardless of size. "Soft  
27 drinks" does not include coffee, tea, non-carbonated water,  
28 infant 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 for  
32 human consumption that is to be consumed off the premises where  
33 it is sold" includes all food sold through a vending machine,  
34 except soft drinks and food products that are dispensed hot  
35 from a vending machine, regardless of the location of the  
36 vending machine.

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

2 Section 99. Effective date. This Act takes effect July 1,  
3 2006.

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2		Statutes amended in order of appearance
3	20 ILCS 689/10	
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5	20 ILCS 689/15-a new	
6	20 ILCS 689/15-b new	
7	20 ILCS 689/15-c new	
8	20 ILCS 689/15-d new	
9	20 ILCS 689/15-e new	
10	20 ILCS 689/20	
11	20 ILCS 689/20-a new	
12	30 ILCS 105/5.663 new	
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14	30 ILCS 105/8h	
15	35 ILCS 105/3-10	from Ch. 120, par. 439.3-10
16	35 ILCS 110/3-10	from Ch. 120, par. 439.33-10
17	35 ILCS 115/3-10	from Ch. 120, par. 439.103-10
18	35 ILCS 120/2-10	from Ch. 120, par. 441-10
19	815 ILCS 370/4.5 new	